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OFFICIAL STATEMENT

NEW ISSUE – BOOK-ENTRY-ONLY

MOODY'S RATING:

(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 and the Notes 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 and is not taken into account in the calculation of adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes 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

\$8,000,000

GENERAL OBLIGATION BONDS, ISSUE OF 2009

(BANK QUALIFIED)

Dated: November 1, 2009

Due: November 1, 2012-2020, as shown herein

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 May 1 and November 1 in each year until maturity, commencing November 1, 2010.

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, and Paying Agent for the Bonds will be U.S. Bank National Association, in Hartford, Connecticut.

The Bonds are being offered for sale in accordance with the official Notice of Sale dated October 16, 2009. Sealed bids and/or electronic bids via **PARITY**® for the Bonds will be received until 11:30 A.M. (E.D.T.) on Tuesday, October 27, 2009 at the office of the Finance Director, Town Hall, 909 Foxon Road, North Branford, Connecticut, 06471 as described in the official Notice of Sale. (See "Appendix F" herein).

MOODY'S RATING:

(See "Ratings" herein)

\$10,420,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES

(BANK QUALIFIED)

Dated: November 10, 2009

Due: November 9, 2010

The Notes 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 interest on the Notes when due. (See "Security and Remedies" herein).

The Notes will bear interest payable at maturity, will be issued by means of a book-entry only system, and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. The Beneficial Owners of the Notes will not receive certificates representing their ownership interest in the Notes. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominees as registered owners of the Notes. Purchasers of the Notes may be in principal amounts of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Notes. So long as Cede & Co. is the Noteowner, as nominee of DTC, reference herein to the Noteowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. (See "Book-Entry Transfer System" herein).

The Notes are NOT subject to redemption prior to maturity.

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

The Notes are being offered for sale in accordance with the official Notice of Sale dated October 16, 2009. Sealed bids and/or electronic bids via **PARITY**® for the Notes will be received until 11:00 A.M. (E.D.T.) on Tuesday, October 27, 2009 at the office of the Finance Director, Town Hall, 909 Foxon Road, North Branford, Connecticut, 06471 as described in the official Notice of Sale (See "Appendix G" herein).

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, of Hartford, Connecticut, Bond Counsel. It is expected that delivery of the Bonds and the Notes in book-entry form will be made to the Depository Trust Company, New York, New York on or about November 10, 2009.

Dated: October 16, 2009

TOWN OF NORTH BRANFORD, CONNECTICUT

\$8,000,000

**GENERAL OBLIGATION BONDS, ISSUE OF 2009
(BANK QUALIFIED)
BOOK-ENTRY-ONLY**

Dated: November 1, 2009

Due: November 1, 2012-2020, as shown below

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
2012	\$650,000	%	%	657798***	2017	\$950,000	%	%	657798***
2013	725,000			657798***	2018	950,000			657798***
2014	925,000			657798***	2019	950,000			657798***
2015	950,000			657798***	2020	950,000			657798***
2016	950,000			657798***					

\$10,420,000

**GENERAL OBLIGATION BOND ANTICIPATION NOTES
(BANK QUALIFIED)
BOOK-ENTRY-ONLY**

Dated: November 10, 2009

Due: November 9, 2010

Interest
Rate
%

Yield
%

CUSIP
657798***

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 or the Notes 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.

The information, estimates and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale 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 Appendices B and C "Form of Opinion 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.

The Town currently files its official statements for primary offerings with all nationally recognized municipal securities information repositories. 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 with respect to the Bonds, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and the Notes; 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 in substantially the forms contained in Appendices D and E 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, June 30, 2004 and June 30, 2008 which the Town filed on October 29, 2007, March 17, 2005 and March 24, 2009, respectively.

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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BOND SALE SUMMARY

The information in this Bond Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, October 27, 2009, at 11:30 A.M. (E.D.T.).
Location of Sale:	Office of the Finance Director, Town Hall, 909 Foxon Road, North Branford, Connecticut 06471.
Issuer:	Town of North Branford, Connecticut (The "Town").
Issue:	\$8,000,000 General Obligation Bonds, Issue of 2009 (the "Bonds").
Dated Date:	November 1, 2009.
Interest Due:	May 1 and November 1 in each year, commencing November 1, 2010.
Principal Due:	Serially, November 1, 2012-2020.
Purpose and Authority:	The Bonds are being issued to finance various capital improvement projects undertaken by the Town and authorized by resolutions adopted by the Town Council. (See "Authorization and Use of Proceeds" herein).
Redemption:	The Bonds are subject to redemption prior to maturity.
Security:	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
Credit Rating:	The Town has made an application to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds. The Town's underlying bond rating is "A1" by Moody's. (See "Ratings" herein).
Basis of Award:	Lowest True Interest Cost ("TIC"), as of the dated date.
Tax Matters:	See "Tax Matters" herein.
Availability of Continuing Disclosure:	See Appendix D herein.
Bank Qualification:	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 allocation to the Bonds.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103 (email: ctmuniservices@usbank.com).
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry form will be made to the Depository Trust Company on or about November 10, 2009, against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to Mr. Anthony P. Esposito, Jr., Town Treasurer/Finance Director, North Branford Town Hall, 909 Foxon Road, North Branford, Connecticut 06471 Tel (203) 484-6002.

NOTE SALE SUMMARY

The information in this Note Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, October 27, 2009, at 11:00 A.M. (E.D.T.).
Location of Sale:	Office of the Finance Director, Town Hall, 909 Foxon Road, North Branford, Connecticut 06471.
Issuer:	Town of North Branford, Connecticut (The "Town").
Issue:	\$10,420,000 General Obligation Bond Anticipation Notes.
Dated Date:	November 10, 2009.
Interest Due:	At maturity on November 9, 2010.
Principal Due:	At maturity on November 9, 2010.
Purpose and Authority:	The Notes are being issued to finance various capital improvement projects undertaken by the Town and authorized by resolutions adopted by the Town Council. (See "Authorization and Use of Proceeds" herein).
Redemption:	The Notes are NOT subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Notes when due.
Credit ratings:	The Town has made an application to Moody's Investors Service, Inc. ("Moody's") for a rating on the Notes. The Town's underlying bond rating is "A1" by Moody's. (See "Ratings" herein).
Basis for Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Tax Matters:	See "Tax Matters" herein.
Availability of Continuing Disclosure:	See Appendix E herein.
Bank Qualification:	The Notes 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 Notes.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103 (email: ctmuniservices@usbank.com).
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry form will be made to the Depository Trust Company on or about November 10, 2009, against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to Mr. Anthony P. Esposito, Jr., Town Treasurer/Finance Director, North Branford Town Hall, 909 Foxon Road, North Branford, Connecticut 06471 Tel (203) 484-6002.

SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page, inside 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 \$8,000,000 General Obligation Bonds, Issue of 2009 (the "Bonds") and \$10,420,000 General Obligation Bond Anticipation Notes (the "Notes") 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 Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and the Notes 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 November 1, 2009 and will mature in annual installments on November 1 in each of the years and in the principal amounts set forth on the inside 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 May 1 and November 1 in each year until maturity, commencing November 1, 2010. Interest 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 April and October in each year, or the preceding business day if the fifteenth 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 and Transfer Agent will be the U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103 (email: ctmuniservices@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, in substantially in the form set forth in Appendix B to this Official Statement. **The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein).**

Notwithstanding the foregoing, the winning bidder may request that the Bonds be issued in the form of a fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The winning bidder seeking the issuance of the Bonds in this manner shall bear any and all costs of any re-registration or transfer of Bonds from time to time. Any bidder seeking to have the Bonds issued in the form of a fully registered physical certificate, rather than in book-entry form, shall indicate this preference to the Town at the time of the submission of its bid. The Town reserves the right to decline any request to issue the Bonds in physical form, if it should determine, in its sole discretion that issuing the Bonds in this manner is not in its best interests.

Optional Redemption

The Bonds maturing on or before November 1, 2014 are not subject to redemption prior to maturity. The Bonds maturing on November 1, 2015 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after November 1, 2014, 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>
November 1, 2014 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.

Description of the Notes

The Notes will be dated November 10, 2009 and principal and interest will be due at maturity on November 9, 2010. Interest will be calculated on the basis of twelve 30-day months and a 360 day year, at the rate or rates per annum specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Certifying, Registrar, Transfer and Paying Agent will be the U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103 (email: ctmuniservices@usbank.com). The Notes 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 Notes. The legal opinion on the Notes will be rendered by Robinson & Cole LLP, in substantially in the form set forth in Appendix C to this Official Statement. **The Notes are NOT subject to redemption prior to maturity.**

Notwithstanding the foregoing, the winning bidder(s) may request that the Notes be issued in the form of a fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The winning bidder(s) seeking the issuance of the Notes in this manner shall bear any and all costs of any re-registration or transfer of Notes from time to time. Any bidder seeking to have the Notes issued in the form of a fully registered physical certificate, rather than in book-entry form, shall indicate this preference to the Town at the time of the submission of its bid. The Town reserves the right to decline any request to issue the Notes in physical form, if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests.

Authorization and Use of Proceeds

Authorizations:

Library Construction Projects: An appropriation and bond authorization in the amount of \$9,500,000 was approved by the Town Council at a meeting held on September 19, 2006 for the renovation and construction at the Atwater Memorial Library and Edward Smith Library, pursuant to a facilities study dated July 30, 2006.

North Branford Intermediate School Construction: An appropriation and bond authorization in the amount of \$37,400,000 was approved by the Town Council at a meeting held on September 18, 2007 for planning, acquisition and construction of additions and renovations to the North Branford Intermediate School. The Town Council at a meeting held on October 16, 2007 amended the \$37,400,000 appropriation and bond authorization to be inclusive of a \$3,800,000 appropriation and bond authorization for architectural, engineering and contract administration for the planning and design of renovations and additions at the North Branford Intermediate School adopted by the Town Council on September 20, 2005.

Reeds Gap Road Bridge Replacement: An appropriation and bond authorization in the amount of \$650,000 was approved by the Town Council at a meeting held on October 7, 2008 for the planning and construction of a replacement bridge on Reeds Gap Road in North Branford.

Use of Proceeds. Proceeds of the Bonds and the Notes will be used to finance the following projects:

	<u>Total Authorization</u>	<u>Notes Maturing November 11, 2009</u>	<u>Additions/ (Reductions)</u>	<u>The Bonds (This Issue)</u>	<u>The Notes (This Issue)</u>
North Branford Intermediate School					
Design and Construction (1)	\$37,400,000	\$13,295,000	\$ 170,000	\$4,745,000	\$ 8,720,000
Library Construction Projects	9,500,000	2,975,000	1,330,000	2,805,000	1,500,000
Reeds Gap Road Bridge Replacement	<u>650,000</u>	<u>450,000</u>	<u>200,000</u>	<u>450,000</u>	<u>200,000</u>
Total	<u>\$48,050,000</u>	<u>\$16,720,000</u>	<u>\$1,700,000</u>	<u>\$8,000,000</u>	<u>\$10,420,000</u>

- (1) The \$37,400,000 authorization approved September 18, 2007, was amended on October 16, 2007 to be inclusive of a \$3,800,000 authorization approved on September 20, 2005 for architectural, engineering and contract administration for the planning and design of renovations and additions at the North Branford Intermediate School. (See "Authorizations" and "School Projects" herein.)

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 %</u> (2)	<u>Estimated Grants</u> (2)
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 \$14,473,000.

- (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.

Ratings

The Town has made applications to Moody's Investors Services, Inc. ("Moody's") for ratings on the Bonds and the Notes. The Town's current underlying bond rating is "A1" by 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 and the Notes.

Bond Insurance

The Town does not expect to directly purchase bond insurance. However, information has been submitted to various national bond insurers for qualification under the underwriter's optional bidding program.

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 and the Notes in order that interest on the Bonds and the Notes remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds and the Notes to be included in gross income retroactive to the date of issuance of the Bonds and the Notes. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds and the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and the Notes 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 and the Notes 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 and the Notes 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 and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations.

Ownership of the Bonds and the Notes 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 and the Notes. Prospective purchasers of the Bonds and the Notes, 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 and the Notes.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes 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 and the Notes 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 and the Notes.

Original Issue Discount

The initial public offering price of the Bonds and the Notes may be less than the principal amount payable on such Bonds and the Notes 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 or Notes is sold constitutes original issue discount. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and the Notes 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 or Note 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 or Notes by such owner. Accrued original issue discount on the Bonds and the Notes 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 or Note. 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 investors in the Bonds and the Notes should consult their tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

Original Issue Premium

The initial public offering price of the Bonds and the Notes may be greater than the principal amount payable on such Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds or the Notes is sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and the Notes 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 or Note 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 or Notes by such owner. Amortized original issue premium on the Bonds and the Notes 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 investors in the Bonds and the Notes should consult their tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

Security and Remedies

The Bonds and the Notes 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 and the Notes when due. Unless paid from other sources, the Bonds and the Notes 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 and the Notes 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 and the Notes.

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 and the Notes, 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 such bonds or notes 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 authorize 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 and the Notes 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 and the Notes.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes 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. One fully-registered Note certificate will be issued for each interest rate of the Notes, in the aggregate principal amount of such interest rate, 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, 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 has Standard & Poor's highest rating of: AAA. 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 and www.dtc.org.

Purchases of Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each Bond and Note ("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 and the Notes 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 and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes 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 and Notes 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 and the Notes. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes 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 and Notes 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 and the Notes 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 and the Notes 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 and the Notes 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 and the Notes 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 and Note certificates are required to be printed and delivered.

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

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

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds and the Notes 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.

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.

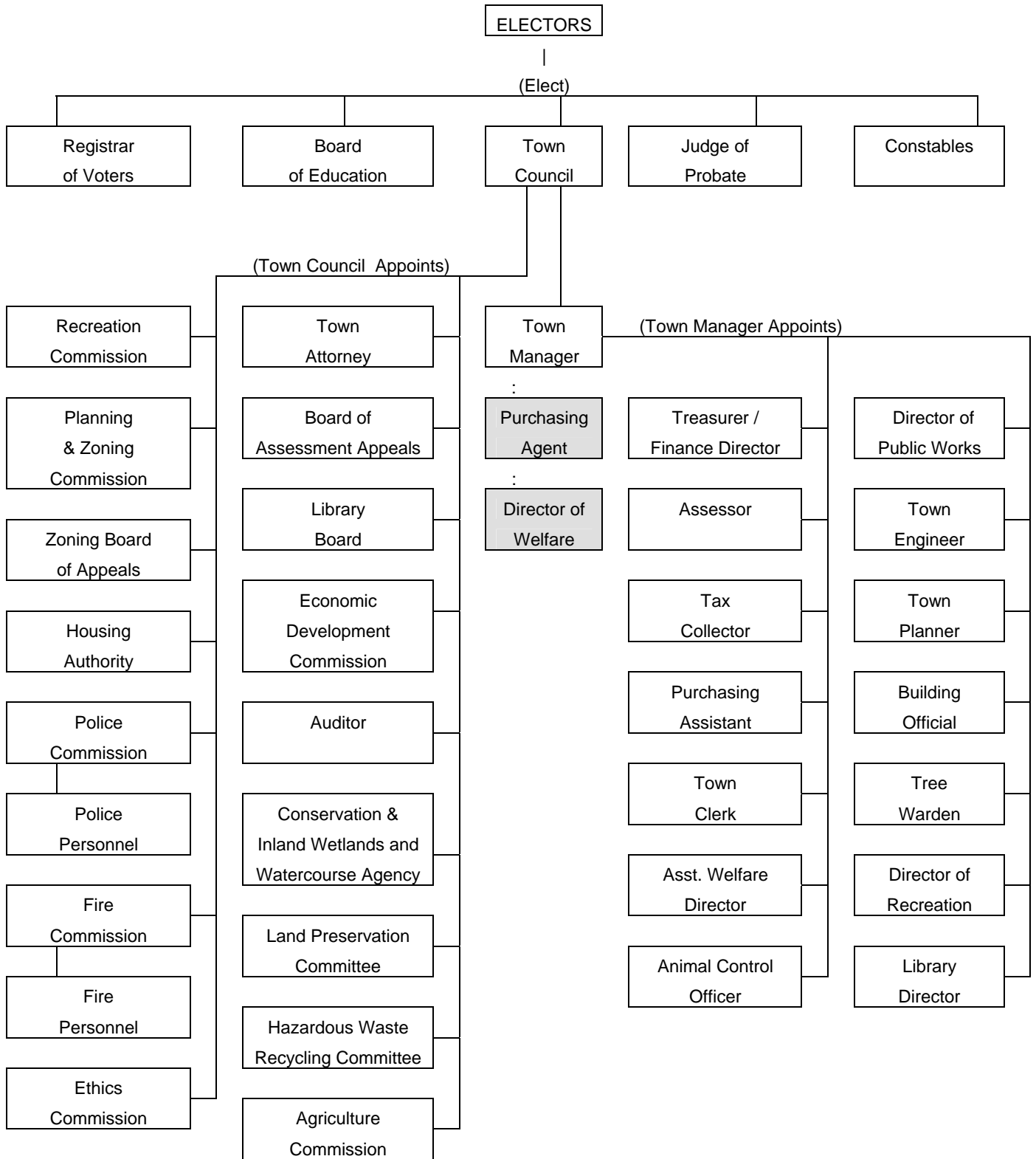
The Town supports and encourages a balance of industrial, commercial and residential use of properties and the Economic Development Commission and Planning and Zoning Commission have worked together to reach this objective. The Town has permitted sewer and water line extensions in furtherance of these objectives with approximately 35% of all residents being served. A recent water main extension in Northford Center insures 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 November 3rd</u>
Michael J. Doody, Mayor	2009
Joanne S. Wentworth, Deputy Mayor	2009
Andrew M. Bozzuto	2009
Paul Calamita	2009
Vincent P. Caprio	2009
Andrew Esposito III	2009
Joseph E. Faughnan	2009
Ashley Clow Joiner	2009
Alfred D. Rose	2009

<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
Timothy B. Yolen	Town Attorney

Source: Town Officials

Biographies of Municipal Officials

Town Manager: Richard V. Branigan was appointed Town Manager on April 21, 2008. Prior to his tenure here, 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 is also the current 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 since 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. 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 was recently elected to the Connecticut CLASS Finance Committee.

Superintendent: Mr. Scott Schoonmaker was appointed Superintendent of Schools effective January 1, 2009. A three-year contract was signed effective July 1, 2009 – June 30, 2012. Mr. Schoonmaker is entering his 23rd 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 100 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 223 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, as amended. 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 through out 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, 2009, the tipping fee was \$62.00 per ton and for fiscal year ending June 30, 2010 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 New Alliance Bank, TD Banknorth and Wachovia.

Educational System

The Town's school system consists of two schools 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 10/1/08</u>	<u>Capacity</u>
Stanley T. Williams School	K-2	1961	1975,2000	16	245	440
Jerome Harrison School	K-2	1999	1999	20	345	500
Totoket Valley School	3-5	1971	1994	25	485	625
North Branford Intermediate	6-8	1955	1958,1962,1992	32	630	800
North Branford High School	9-12	1964	1967,1972	55	<u>710</u>	<u>1,010</u>
					<u>2,415</u> (1)	<u>3,375</u>

(1) Does not include special education.

Source: Superintendent of Schools.

Enrollment History and Projections

<u>Actual Enrollments</u>					
<u>As of October 1</u>	<u>K-5</u>	<u>6-8</u>	<u>9-12</u>	<u>Sp. Education</u>	<u>Total</u>
1999-00	1,209	574	663	44	2,490
2000-01	1,230	580	651	44	2,505
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	2,457
2007-08	1,111	571	729	43	2,454
2008-09	1,075	630	710	33	2,448
<u>Projected Enrollments</u>					
2009-10	1,050	611	711	20	2,392
2010-11	1,033	609	718	20	2,380
2011-12	1,014	569	737	20	2,340
2012-13	1,017	550	743	20	2,330

Source: Superintendent of Schools.

Municipal Employment

<u>Year</u>	<u>Board of Education</u>	<u>General Government</u>	<u>Total</u>
2010	354	111	465
2009	350	109	459
2008	337	109	446
2007	330	115	445
2006	328	112	440
2005	319	112	431
2004	316	112	428
2003	316	112	428

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)	2.0
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)	7.0
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	2.0
Conservation and Inland Wetlands (includes 1 part-time)	1.0
Agriculture Commission (includes 1 part time)	1.0
Building Department (includes 1 part time)	<u>2.5</u>
Total General Government	111.0
<u>Board of Education</u>	
Administration and Principals	9.0
Teachers	198.0
Instructional support	71.0
Other staff	<u>76.0</u>
Total Board of Education	<u>354.0</u>
Total Employees	<u>465.0</u>

(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 465 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
Police Dept.	Local #484, IBPO	21	6/30/11
Clerical	Local #1303-155, Council #4, AFSCME, AFL-CIO	17	6/30/11
Library	Local #1303-179, Council #4, AFSCME, AFL-CIO	5	6/30/11
Non-Bargaining	Non-affiliated	<u>54</u>	N/A
General Government Sub-total		111	
<u>Board of Education</u>			
Board of Education	North Branford School Administrators Association	9	6/30/10
School Teachers	North Branford Education Association	198	6/30/11
Clerical Staff	North Branford Secretarial	17	6/30/10
Custodial/Maintenance	Local #1303, Council #4, AFSCME, AFL-CIO	14	6/30/11
Nurses	North Branford Board of Education School Nurses & School Health Aides	5	6/30/11
Cafeteria	Local #1303, Council #4, AFSCME, AFL-CIO	27	6/30/11
Aides	North Branford Federation of Paraprofessionals	71	6/30/09 (1)
Non-Bargaining	Non-affiliated	<u>13</u>	N/A
Board of Education Sub-total		<u>354</u>	
Total General Government and Board of Education		<u>465</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

<u>Year</u>	<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
2008	14,374	845,494	3,502,309

Source: U.S. Department of Commerce, Bureau of the Census.

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	904	6.5	223,344	6.6
5-19	2,932	21.1	702,358	20.6
20-24	521	3.7	187,571	5.5
25-44	4,103	29.5	1,032,689	30.3
45-64	3,545	25.5	789,420	23.2
65 and over	<u>1,901</u>	<u>13.7</u>	<u>470,183</u>	<u>13.8</u>
Total	<u>13,906</u>	<u>100.0</u>	<u>3,405,565</u>	<u>100.0</u>

Source: U.S. Department of Commerce, Bureau of Census, Census 2000.

Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(1990)</u>	<u>(2000)</u>	<u>(1990)</u>	<u>(2000)</u>
Town of North Branford	\$53,253	\$71,813	\$19,408	\$28,542
New Haven County	46,058	60,549	17,666	24,439
Connecticut	49,199	65,521	20,189	28,766
United States	35,225	49,600	14,420	21,690

Source: U.S. Department of Commerce, Bureau of the Census.

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	48	1.2	33,423	3.8
10,000 to 14,999	34	0.9	23,593	2.7
15,000 to 24,999	169	4.3	63,262	7.1
25,000 to 34,999	264	6.8	75,413	8.5
35,000 to 49,999	518	13.3	120,134	13.6
50,000 to 74,999	1,124	28.8	198,924	22.5
75,000 to 99,999	643	16.5	141,981	16.0
100,000 to 149,999	834	21.3	132,177	14.9
150,000 to 199,999	129	3.3	42,472	4.8
200,000 or more	<u>139</u>	<u>3.6</u>	<u>54,368</u>	<u>6.1</u>
	<u>3,902</u>	<u>100.0</u>	<u>885,747</u>	<u>100.0</u>

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

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	280	3.0	132,917	5.8
9th to 12th grade	744	7.8	234,739	10.2
High School graduate	3,068	32.4	653,300	28.5
Some college, no degree	2,049	21.6	402,741	17.5
Associates degree	704	7.4	150,926	6.6
Bachelor's degree	1,602	16.9	416,751	18.2
Graduate or professional degree	<u>1,035</u>	<u>10.9</u>	<u>304,243</u>	<u>13.2</u>
Total	<u>9,482</u>	<u>100.0</u>	<u>2,295,617</u>	<u>100.0</u>
Percentage of High School Graduates		89.5%		84.0%
Percentage of College Graduates or Higher		35.4%		31.4%

Source: U.S. Department of Commerce, Bureau of Census, Census 2000.

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	67	0.9	1,101	0.3	7,445	0.5
Construction	580	7.8	21,826	5.5	99,913	6.0
Manufacturing	1,118	15.0	63,053	15.9	246,607	14.8
Wholesale trade	342	4.6	13,552	3.4	53,231	3.2
Retail trade	843	11.3	44,983	11.3	185,633	11.2
Transportation & warehousing, and utilities	471	6.3	16,707	4.2	64,662	3.9
Information	320	4.3	14,357	3.6	55,202	3.3
Finance, insurance, real estate	582	7.8	26,787	6.8	163,568	9.8
Professional, scientific, management, administrative, and waste management services	652	8.7	34,946	8.8	168,334	10.1
Educational, health & social services	1,579	21.2	101,733	25.7	366,568	22.0
Arts, entertainment, recreation, accommodation and food services	348	4.7	23,247	5.9	111,424	6.7
Other professional services	414	5.5	17,887	4.5	74,499	4.5
Public Administration	<u>148</u>	<u>2.0</u>	<u>16,147</u>	<u>4.1</u>	<u>67,354</u>	<u>4.0</u>
TOTAL	<u>7,464</u>	<u>100.0</u>	<u>396,326</u>	<u>100.0</u>	<u>1,664,440</u>	<u>100.0</u>

Source: U. S. Department of Commerce, Bureau of Census, 2000 Census.

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	465
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>
1999	2.6%	3.1%	3.2%	4.2%
2000	1.9	2.3	2.3	4.0
2001	2.5	3.2	3.3	4.8
2002	3.4	4.1	4.3	5.8
2003	4.4	5.4	5.5	5.8
2004	4.0	4.8	4.9	5.5
2005	4.4	5.0	4.9	5.1
2006	3.9	4.5	4.3	4.6
2007	4.0	4.8	4.6	4.6
2008	5.0	6.0	5.8	5.8
<u>2009 Monthly</u>				
January	7.0	7.8	7.9	8.5
February	7.2	7.8	8.0	8.9
March	6.6	7.6	7.8	9.0
April	6.5	7.7	7.8	8.6
May	6.6	7.8	7.9	9.1
June	6.9	8.1	8.1	9.7
July	6.6	8.1	8.0	9.7
August	6.4	8.0	8.0	9.6

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>
2009 (1)	4	\$1,054,940	2	\$ 2,670,027 (2)	0	\$ -0-	6	\$ 3,724,967
2008	6	1,483,520	4	35,664,663 (3)	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
2001	25	3,393,391	18	8,928,100	2	78,717	45	12,400,208
2000	22	2,296,479	17	4,684,522	0	-0-	39	6,981,001

(1) As of October 15, 2009.

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

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

Source: Town Officials.

Number of Dwelling Units

<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>	<u>% Increase 1990-2000</u>	<u>% Increase 1980-2000</u>	<u>% Increase 1970-2000</u>
5,246	4,610	3,578	2,977	13.8%	46.6%	76.2%

Source: U.S. Department of Commerce, Bureau of Census.

Characteristics of Housing Unites

Sales Price Category	Town of North Branford		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000	10	0.3	5,996	0.8
50,000 to 99,999	159	4.1	85,221	11.7
100,000 to 149,999	783	20.4	212,010	29.1
150,000.to 199,999	1,679	43.7	156,397	21.5
200,000 to 299,999	1,027	26.7	137,499	18.9
300,000 to 499,999	167	4.3	79,047	10.9
500,000 to 999,999	10	0.3	38,168	5.2
1,000,000 and over	<u>10</u>	<u>0.3</u>	<u>13,906</u>	<u>1.9</u>
Total	<u>3,845</u>	<u>100.0</u>	<u>728,244</u>	<u>100.0</u>

Median Value \$179,000 \$166,900

Source: U. S. Department of Commerce, Bureau of Census, 2000 Census.

Age Distribution of Housing

Year Built	Town of North Branford		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier	327	6.2	308,896	22.3
1940 - 1959	1,447	27.6	359,042	25.9
1960 - 1969	1,054	20.1	212,176	15.3
1970 - 1979	782	14.9	203,377	14.7
1980 - 1989	833	15.9	183,405	13.2
1990 - 1994	446	8.5	56,058	4.0
1995 - 1998	318	6.1	47,028	3.4
1999 - March 2000	<u>39</u>	<u>0.7</u>	<u>15,993</u>	<u>1.2</u>
Total Housing	<u>7,459</u>	<u>100.0</u>	<u>1,385,975</u>	<u>100.0</u>

Source: U.S. Department of Commerce, Bureau of the Census, Census 2000.

Breakdown of Land Use

Land Use Category	Total Area		Developed		Undeveloped ⁽²⁾	
	Acreage	Percent	Acreage	Percent	Acreage	Percent
Residential	8,677	50.4	4,531	26.3	4,146	24.1
Commercial	308	1.8	259	1.5	49	0.3
Industrial	1,541	9.0	898	5.2	643	3.8
Public & Semi-Private (1)	<u>6,674</u>	<u>38.8</u>	<u>495</u>	<u>2.9</u>	<u>6,179</u>	<u>35.9</u>
Total Area	<u>17,200</u>	<u>100.0</u>	<u>6,183</u>	<u>35.9</u>	<u>11,017</u>	<u>64.1</u>

(1) Includes Regional Water Authority.

(2) Includes 103 acres of Town land as of September 19, 2008

Source: Town Officials.

SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of November 10, 2009 (Pro Forma)

Total Fiscal Year 2009 tax collections (Unaudited estimate)	
(including interest and lien fees)	\$32,241,775
State Reimbursement for Revenue Loss on:	
Tax Relief for the Elderly	<u>2,000</u>
Base for Establishing Debt Limit	<u>\$32,243,775</u>

Debt Limit

	General Purpose	School	Sewer	Urban Renewal	Unfunded Past Pension	Total Debt
(2.25 times base)	\$72,548,494					
(4.50 times base)		\$145,096,988				
(3.75 times base)			\$120,914,156			
(3.25 times base)				\$104,792,269		
(3.00 times base)					\$96,731,325	
(7.00 times base)						\$225,706,425
Indebtedness						
Bonds Payable	\$15,397,517	\$ 21,614,839	\$ 692,644	\$ -0-	\$ -0-	\$ 37,705,000
The Bonds (<i>This Issue</i>)	3,255,000	4,745,000	-0-	-0-	-0-	8,000,000
The Notes (<i>This Issue</i>)	1,700,000	8,720,000	-0-	-0-	-0-	10,420,000
State of Connecticut						
Clean Water Fund (CWF)						
Project Loan Obligation (PLO)	-0-	-0-	1,382,790	-0-	-0-	1,382,790
Authorized but Unissued Debt	-0-	7,642,035	-0-	-0-	-0-	7,642,035
Total Indebtedness	<u>20,352,517</u>	<u>42,721,874</u>	<u>2,075,434</u>	<u>-0-</u>	<u>-0-</u>	<u>65,149,825</u>
Less:						
State grants receivable (1)	-0-	(12,872,734)	-0-	-0-	-0-	(12,872,734)
Sewer assessments						
receivable (2)	-0-	-0-	(1,535,218)	-0-	-0-	(1,535,218)
Net Indebtedness	<u>20,352,517</u>	<u>29,849,140</u>	<u>540,216</u>	<u>-0-</u>	<u>-0-</u>	<u>50,741,873</u>
Excess of Limit Over						
Outstanding and						
Authorized Debt	<u>\$52,195,977</u>	<u>\$115,247,848</u>	<u>\$120,373,940</u>	<u>\$104,792,269</u>	<u>\$96,731,325</u>	<u>\$174,964,552</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 \$210,039,049.

(1) As of November 10, 2009 the Town estimates it has school building construction grants receivable in the amount \$2,197,699 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 \$3,797,965 for this project to date. (See "School Projects" herein).

(2) As of June 30, 2009.

Source: Town Officials.

Calculation of Net Direct Indebtedness

As of November 10, 2009 (Pro Forma)

Bonded Indebtedness (1)

The Bonds (<i>This Issue</i>)	\$ 8,000,000
General Purpose	15,397,517
Schools	21,614,839
Sewers	692,644
State of Connecticut CWF Project Loan Obligation	<u>1,382,790</u>

Total Bonded Indebtedness

47,087,790

Short-Term Indebtedness

The Notes (<i>This Issue</i>)	<u>10,420,000</u>
---------------------------------	-------------------

Total Direct Indebtedness

57,507,790

Exclusions:

(School building grants receivable) (2)	(2,197,699)
(Sewer assessments receivable) (3)	<u>(1,535,218)</u>

Net Direct Indebtedness

\$53,774,873

(1) Does not include authorized but unissued debt of \$7,642,035. (See "Authorized but Unissued Debt" herein).

(2) As of November 10, 2009 the Town estimates it has school building construction grants receivable in the amount \$2,197,699 for school projects approved prior to July 1, 1996. (See "School Projects" herein.).

(3) As of June 30, 2009.

Source: Town Officials.

Current Debt Ratios

As of November 10, 2009 (Pro Forma)

Total Direct Indebtedness	\$57,507,790
Total Net Direct Indebtedness	\$53,774,873

Population (1)	14,374
Net Taxable Grand List (10/1/08)	\$1,293,235,062
Estimated Full Value	\$1,847,478,660
Equalized Net Taxable Grand List (2007) (2)	\$1,983,467,813
Per Capita Income (1999) (3)	\$28,542

Total Direct Indebtedness:

Per Capita	\$4,000.82
To Net Taxable Grand List	4.45%
To Estimated Full Value	3.11%
To Equalized Net Taxable Grand List	2.90%
Per Capita to Per Capita Income	14.02%

Total Net Direct Indebtedness:

Per Capita	\$3,741.12
To Net Taxable Grand List	4.16%
To Estimated Full Value	2.91%
To Equalized Net Taxable Grand List	2.71%
Per Capita to Per Capita Income	13.11%

(1) U.S. Bureau of Census.

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

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

Historical Debt Statement

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
Population (1)	14,374	14,374	14,383	14,395	14,287
Net taxable grand list	\$1,284,274,455	\$1,266,891,075	\$1,258,616,410	\$892,440,390	\$873,681,460
Estimated full value	\$1,834,677,793	\$1,809,844,393	\$1,798,023,443	\$1,274,914,843	\$1,248,116,371
Equalized net taxable grand list (2)	\$1,983,467,813	\$1,979,674,513	\$1,809,274,440	\$1,965,766,156	\$1,768,184,166
Per capita income (3)	\$28,542	\$28,542	\$28,542	\$28,542	\$28,542
Short-term debt	\$16,720,000	\$14,500,000	\$ 7,050,000	\$ 5,175,000	\$ -0-
Long-term debt	<u>41,458,093</u>	<u>20,368,821</u>	<u>22,729,549</u>	<u>24,750,277</u>	<u>26,591,005</u>
Total Direct Indebtedness	\$58,178,093	\$34,868,821	\$29,779,549	\$29,925,277	\$26,591,005
Net Direct Indebtedness	\$54,058,512	\$30,021,338	\$24,222,785	\$23,770,084	\$19,738,688

(1) U. S. Bureau of Census.

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

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

Historical Debt Ratios

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
Total Direct Indebtedness:					
Per capita	\$4,047.45	\$2,425.83	\$2,070.47	\$2,078.87	\$1,861.20
To net taxable grand list	4.53%	2.75%	2.37%	3.35%	3.04%
To estimated full value	3.17%	1.93%	1.66%	2.35%	2.13%
To equalized net taxable grand list	2.93%	1.76%	1.65%	1.52%	1.50%
Debt per capita to per capita income	14.18%	8.50%	7.25%	7.28%	6.52%
Net Direct Indebtedness:					
Per capita	\$3,760.85	\$2,088.59	\$1,684.13	\$1,651.27	\$1,381.58
To net taxable grand list	4.21%	2.37%	1.92%	2.66%	2.26%
To estimated full value	2.95%	1.66%	1.35%	1.86%	1.58%
To equalized net taxable grand list	2.73%	1.52%	1.34%	1.21%	1.12%
Debt per capita to per capita Income	13.18%	7.32%	5.90%	5.79%	4.84%

Outstanding Short-Term Indebtedness

The Town has \$16,720,000 in bond anticipation notes outstanding that mature on November 11, 2009 which will be retired with the proceeds of the Bonds and the Notes. The Town is issuing \$10,420,000 in bond anticipation notes with this issue which will mature on November 9, 2010. (See "Authorized but Unissued Debt" herein).

Capital Leases

The Town has outstanding Lease Agreements in the amount of \$407,957 as of June 30, 2009. These payments are not included in the outstanding bonded debt.

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 (Interim Funding Obligations). 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 loan agreements 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 loans outstanding:

<u>Project</u>	<u>Original 2% Loan Amount</u>	<u>Amount Outstanding as of November 10, 2009</u>
CWF PLO 138-C	<u>\$ 6,523,164</u>	<u>\$ 1,382,790</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, not including resolutions, 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).

Authorized but Unissued Debt

	<u>Total Bond Authorization</u>	<u>Prior Bonds Issued</u>	<u>Amount of Notes Outstanding</u>	<u>Paydowns / Grants</u> (1)	<u>The Bonds (This Issue)</u>	<u>The Notes (This Issue)</u>	<u>Authorized But Unissued</u>
North Branford Intermediate School Design and Construction	\$37,400,000	\$12,495,000	\$13,295,000	\$3,797,965	\$4,745,000	\$ 8,720,000	\$7,642,035 (2)
Library Construction Projects	9,500,000	5,195,000	2,975,000	-0-	2,805,000	1,500,000 (3)	-0-
Reeds Gap Road Bridge Project	<u>650,000</u>	<u>-0-</u>	<u>450,000</u>	<u>-0-</u>	<u>450,000</u>	<u>200,000</u> (4)	<u>-0-</u>
Total	<u>\$48,100,000</u>	<u>\$18,190,000</u>	<u>\$16,720,000</u>	<u>\$3,797,965</u>	<u>\$8,000,000</u>	<u>\$10,420,000</u>	<u>\$7,642,035</u>

(1) Estimated over the life of the authorization.

(2) The total estimated project cost, including the current authorizations 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 \$14,473,000. 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 \$1,500,000 in State of Connecticut grants for this project. The grants received will paydown the Notes at maturity.

(4) The Town expects to receive \$200,000 in State of Connecticut grants for this project. The grants received will paydown 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 November 10, 2009 (Pro Forma)

<u>Fiscal Year</u>	<u>Principal Payments</u> (1)	<u>Interest Payments</u>	<u>Total Debt Service</u> (1)	<u>The Bonds Principal</u>	<u>Principal All Issues</u> (1)
2009-10	\$ 2,580,728	\$ 2,041,341	\$ 4,622,069	\$ -0-	\$ 2,580,728
2010-11	3,015,728	1,574,703	4,590,431	-0-	3,015,728
2011-12	3,645,728	1,452,829	5,098,557	-0-	3,645,728
2012-13	3,410,728	1,321,730	4,732,458	650,000	4,060,728
2013-14	3,085,181	1,193,938	4,279,119	725,000	3,810,181
2014-15	2,960,000	1,073,178	4,033,178	925,000	3,885,000
2015-16	3,005,000	949,656	3,954,656	950,000	3,955,000
2016-17	3,155,000	824,731	3,979,731	950,000	4,105,000
2017-18	1,525,000	729,406	2,254,406	950,000	2,475,000
2018-19	1,375,000	668,250	2,043,250	950,000	2,325,000
2019-20	1,400,000	607,688	2,007,688	950,000	2,350,000
2020-21	1,400,000	545,500	1,945,500	950,000	2,350,000
2021-22	1,400,000	481,625	1,881,625	-0-	1,400,000
2022-23	1,400,000	416,625	1,816,625	-0-	1,400,000
2023-24	1,425,000	350,797	1,775,797	-0-	1,425,000
2024-25	1,425,000	284,141	1,709,141	-0-	1,425,000
2025-26	1,425,000	217,484	1,642,484	-0-	1,425,000
2026-27	1,450,000	149,969	1,599,969	-0-	1,450,000
2027-28	1,450,000	81,594	1,531,594	-0-	1,450,000
2028-29	<u>925,000</u>	<u>23,703</u>	<u>948,703</u>	<u>-0-</u>	<u>925,000</u>
Total	<u>\$41,458,093</u>	<u>\$14,988,888</u>	<u>\$56,446,981</u>	<u>\$8,000,000</u>	<u>\$49,458,093</u>

(1) Does not reflect principal payments of \$2,370,303 made as of November 10, 2009.

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, who receive a copy of said audit report when completed.

The most recent annual audit covers the fiscal year ended June 30, 2008, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are 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 one which covers all other full-time employees of the Town and education departments, 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 36, Notes to the Financial Statements.

Police Plan - The police employees contribute 5% of their gross earnings to the plan. As of July 1, 2008, the date of the most recent actuarial valuation, the plan membership included 7 retirees and beneficiaries receiving benefits and 22 active plan members. There were no terminated employees entitled 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, 2008, the date of the most recent actuarial valuation, the plan membership included 58 retirees and beneficiaries receiving benefits, 11 terminated employees entitled to benefits but not yet receiving them and 37 active plan members.

Firefighters and Ambulance Personnel Plan – The Plan pays \$22.50 per month per year of credited service for qualified personnel. As of July 1, 2008, the date of the most recent actuarial valuation, the plan membership included 17 retirees and beneficiaries receiving benefits, 16 terminated employees entitled but not yet receiving benefits and 101 active plan members.

Based upon a July 1, 2008 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>						
07/01/2008	\$5,254,609	\$6,960,366	\$1,705,757	75.5%	\$1,441,418	118.3%
07/01/2007	5,253,895	7,214,297	1,960,402	72.8	1,484,549	132.1
07/01/2006	5,055,123	7,174,148	2,119,025	70.5	1,479,473	143.2
<u>Police Plan</u>						
07/01/2008	\$6,422,046	\$7,840,297	\$1,418,251	81.9%	\$1,583,540	89.6%
07/01/2007	5,871,840	7,189,626	1,317,786	81.7	1,519,042	86.8
07/01/2006	5,163,846	6,577,698	1,413,852	78.5	1,485,361	95.2
<u>Firefighter's Plan</u>						
07/01/2008	\$ 955,890	\$1,688,334	\$ 732,444	56.6%	N/A	N/A
07/01/2007	904,975	1,521,518	616,543	59.5	N/A	N/A
07/01/2006	814,811	1,218,802	403,991	66.9	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
<u>Town Plan</u>			
2010	\$227,062	\$227,062 (1)	100.0%
2009	253,824	253,824	100.0%
2008	257,130	257,130	100.0%
2007	251,544	251,544	100.0%
2006	220,132	220,132	100.0%
<u>Police Plan</u>			
2010	\$395,000	\$395,000 (1)	100.0%
2009	359,095	359,095	100.0%
2008	436,750	436,750	100.0%
2007	452,481	452,481	100.0%
2006	399,696	399,696	100.0%
<u>Firefighter's Plan</u>			
2010	\$149,755	\$149,755 (1)	100.0%
2009	129,596	129,596	100.0%
2008	94,369	94,369	100.0%
2007	105,628	105,628	100.0%
2006	96,430	96,430	100.0%

(1) FY 2009-10 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 a draft report, dated January 1, 2007, 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 \$5,749,000 with an unfunded liability of \$5,749,000. 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 \$433,000 for fiscal year ending June 30, 2010 for their Actuarial Required Contribution.

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), MBIA Class, 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) MBIA Class (an investment fund managed by MBIA Municipal Bond Investors Service Corporation), which, according to MBIA Class, 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, 2005. The Town is scheduled to revalue all real estate by physical inspection effective October 1, 2010. 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. Public Act No. 09-60, effective July 1, 2009, provides that any municipality required to effect a revaluation under CGS Section 12-62 for the 2008, 2009 or 2010 assessment year shall not be required to effect a revaluation prior to the 2011 assessment year. 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-ratio 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 Procedure

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 General Statutes, and applicable to property taxes due on or after, delinquent property taxes are subject to interest at the rate of 1.5% per month. Real estate is lien 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	Uncollected Taxes	
					End of Each FY	As of 06/30/09 (2)
2010 (1)	\$1,293,235.06	25.95	\$33,055,209	N/A	In process	In process
2009 (2)	1,284,274.46	24.95	32,268,119	98.3%	\$542,750	\$542,750
2008	1,266,891.08	23.70	30,109,078	98.5	459,416	188,047
2007	1,258,616.41	22.76	28,733,762	99.0	295,909	81,588
2006	892,440.39	30.70	27,635,755	99.0	268,716	35,465
2005	873,681.46	29.12	25,598,435	99.4	158,951	19,117
2004	865,995.53	27.90	24,246,957	99.2	205,390	472
2003	849,876.37	26.83	22,745,988	98.8	264,031	-0-
2002	678,645.84	30.92	20,595,694	98.7	277,789	-0-
2001	666,592.67	29.62	19,824,517	98.4	313,585	116

(1) Adopted Budget.

(2) Unaudited estimates.

Source: Town Officials; annual audited financial statements.

Taxable Grand List ⁽¹⁾

(\$ in Thousands)						
Grand List Dated	Real Estate Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
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
10/01/00	572,666.60	31,989.61	84,919.39	689,575.60	10,929.76	678,645.84
10/01/99	566,713.69	30,836.13	78,851.63	676,401.45	9,808.78	666,592.67

- (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 10/01/05. The Town's prior revaluation was effective 10/01/01.

Source: Town Officials.

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2008:

Name of Taxpayer	Nature of Business	Grand List Amount	Estimated Tax Levy
South Central Connecticut Regional Water Authority (a)	Public Utility	\$ 36,920,710	\$ 958,092
Shoreline Care Limited Partnership	Life Care Facility	27,603,900	716,321
Rivezzi, Janice L., Gina P., & Bart Andrew	Real Estate/Retail Complex	9,441,040	244,995
Tilcon, Inc.	Quarry/Material Contractor	7,697,410	199,748
Fire-Lite Alarms, Inc./NOTIFIER	Alarm Systems	6,871,210	178,308
Totoket Woods Co.	Real Estate	5,412,020	140,442
North Branford Shopping Center, LLC	Retail Complex	3,493,280	90,651
National Association Properties	Real Estate	3,461,780	89,833
Northford Ice Pavilion	Ice Rinks	3,391,390	88,007
Big Y Foods	Supermarket	2,755,980	71,518
Total		<u>\$107,048,720</u> (b)	<u>\$2,777,915</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 \$67,252,600. However, for purposes of computing payment in lieu of taxes, the amount assessable for taxation is \$36,920,710. The payments in lieu of taxes for fiscal years 2006-2010 are as follows:

Fiscal Year	PILOT Amount
2009-10 (Adopted Budget)	\$958,092
2008-09	922,512
2007-08	878,228
2006-07	842,760
2005-06	935,140

- (b) Represents 8.28% of the net taxable grant list of \$1,293,235,062 dated October 1, 2008.

- (c) Represents 8.40% of the total adjusted tax levy of \$33,055,209 for fiscal year 2009-10.

Source: Town Officials; annual audited financial statements; and 2009-10 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 2004-2008 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>
2010 (Adopted Budget)	\$44,349,225	\$34,447,541	77.7%
2009 (Unaudited Estimates)	43,605,088	33,234,110	76.2
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
2002	33,127,687	22,070,258	66.6
2001	31,321,422	20,803,824	66.4

(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.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal/ State Aid</u>	<u>Aid As Percentage of General Revenue</u>
2010 (Adopted Budget)	\$44,349,225	\$ 9,315,364	21.0%
2009 (Unaudited Estimates)	43,605,088	9,629,912	22.1
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
2002	33,127,687	9,428,226	28.5
2001	31,321,422	9,509,364	30.4

(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.

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>
2010 (Adopted Budget)	63.7%	10.2%	8.7%	5.7%	4.8%	3.3%
2009 (Unaudited Estimates)	65.0	8.9	8.9	6.0	4.0	3.4
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
2002	66.0	8.9	7.8	5.3	3.9	3.6
2001	63.3	9.3	7.7	5.6	3.4	3.3

(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 2008-09 unaudited estimate and fiscal year 2009-10 adopted budget.

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

	Fiscal Year 2007-08			Fiscal Year 2008-09 Unaudited Estimates (1)	Fiscal Year 2009-10 Adopted Budget
	Final Budget	Actual	Variance Favorable (Unfavorable)		
REVENUES					
Property taxes	\$31,117,161	\$31,157,035	\$ 39,874	\$33,234,110	\$34,477,541
Charges for services	220,250	322,176	101,926	345,514	286,020
Intergovernmental	9,206,448	9,208,751	2,303	9,629,912	9,315,364
Investment income	300,000	284,790	(15,210)	217,558	150,000
Other revenue	<u>54,117</u>	<u>163,521</u>	<u>109,404</u>	<u>150,277</u>	<u>120,300</u>
TOTAL REVENUES	<u>40,897,976</u>	<u>41,136,273</u>	<u>238,297</u>	<u>43,605,088</u>	<u>44,349,225</u>
EXPENDITURES					
Current:					
General government	1,495,830	1,456,795	39,035	1,483,123	1,453,689
Public safety	3,682,662	3,652,643	30,019	3,849,372	3,917,589
Public works	2,412,948	2,377,555	35,393	2,607,091	2,584,361
Culture and recreation	964,394	933,997	30,397	998,094	1,015,871
Health and welfare	229,322	222,508	6,814	239,009	240,712
Development and conservation	435,463	413,566	21,897	390,228	398,174
Benefits and insurance	1,763,083	1,645,665	117,418	1,741,711	2,187,907
Education	27,042,838	27,034,640	8,198	28,126,730	28,753,212
Debt service	3,174,715	3,174,712	3	3,833,777	4,622,068
Capital Outlay	<u>231,600</u>	<u>189,833</u>	<u>41,767</u>	<u>-0-</u>	<u>76,000</u>
TOTAL EXPENDITURES	<u>41,432,855</u>	<u>41,101,914</u>	<u>330,941</u>	<u>43,269,136</u>	<u>45,249,583</u>
Excess (deficiency) of revenues over expenditures	<u>(534,879)</u>	<u>34,359</u>	<u>569,238</u>	<u>335,952</u>	<u>(900,358)</u>
OTHER FINANCING SOURCES (USES)					
Appropriation of fund balance	350,000	350,000	-0-	-0-	426,000
Cancellation of prior year's encumbrances	750	41,240	40,490	20,096	750
Sale of assets	2,500	8,076	5,576	39,178	46,100
Transfer in	446,504	446,504	-0-	469,260	432,508
Transfers out	<u>(264,875)</u>	<u>(264,875)</u>	<u>-0-</u>	<u>(294,894)</u>	<u>(5,000)</u>
Net other financing sources (uses)	<u>534,879</u>	<u>580,945</u>	<u>46,066</u>	<u>233,640</u>	<u>900,358</u>
Net change in fund balances	<u>\$ -0-</u>	265,310	<u>\$ 615,304</u>	569,592	<u>\$ -0-</u>
Fund Balance - beginning of year		<u>3,919,383</u>		<u>4,184,693</u>	
Fund Balance - end of year		<u>\$ 4,184,693</u>		<u>\$ 4,754,285</u>	

(1) Unaudited estimates, subject to change.

Source: Annual audited financial statement and fiscal year 2009-10 adopted budget.

Comparative Balance Sheets - General Fund

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
ASSETS					
Cash and cash equivalents	\$1,270,916	\$ 607,544	\$ 44,236	\$ -0-	\$ 6,653,333
Investments	3,790,952	4,107,591	5,193,034	9,915,580	-0-
Receivables, net:					
Property taxes	494,951	369,972	494,104	393,431	657,000
Intergovernmental	1,126	44,855	80,575	-0-	2,954,923
Other	37,348	55,568	84,818	126,044	166,401
Due from other funds	2,148	101,610	5,323	10,358	5,240
Prepaid expenses	<u>-0-</u>	<u>640</u>	<u>235</u>	<u>445</u>	<u>993</u>
TOTAL ASSETS	<u>\$5,597,441</u>	<u>\$5,287,780</u>	<u>\$5,902,325</u>	<u>\$10,445,858</u>	<u>\$10,437,890</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Cash Overdraft	\$ -0-	\$ -0-	\$ -0-	\$ 4,145,893	\$ -0
Accounts payable	937,817	579,739	323,381	672,869	603,874
Accrued payroll	243,852	157,117	213,517	201,649	-0-
Unearned revenue	891,842	499,766	572,311	390,227	4,130,719
Other liabilities	<u>81,886</u>	<u>29,685</u>	<u>77,415</u>	<u>67,409</u>	<u>-0-</u>
TOTAL LIABILITIES	<u>2,155,397</u>	<u>1,266,307</u>	<u>1,186,624</u>	<u>5,478,047</u>	<u>4,734,593</u>
FUND BALANCES					
Reserved	116,437	448,445	643,951	698,426	1,168,604
Unreserved:					
Designated for future year expenditures	850,000	250,000	350,000	350,000	350,000
Undesignated	<u>2,475,607</u>	<u>3,323,028</u>	<u>3,721,750</u>	<u>3,919,385</u>	<u>4,184,693</u>
TOTAL FUND BALANCES	<u>3,442,044</u>	<u>4,021,473</u>	<u>4,715,701</u>	<u>4,967,811</u>	<u>5,703,297</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$5,597,441</u>	<u>\$5,287,780</u>	<u>\$5,902,325</u>	<u>\$10,445,858</u>	<u>\$10,437,890</u>

Source: Annual audited financial statements

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
REVENUES					
Property taxes	\$25,379,050	\$26,720,069	\$28,646,777	\$29,698,402	\$31,157,035
Charges for services	616,020	676,254	530,792	524,875	322,176
Intergovernmental	8,552,014	8,804,945	9,653,772	9,533,827	18,384,827
Interest income	79,828	163,467	342,300	477,810	284,986
Miscellaneous	<u>61,255</u>	<u>34,728</u>	<u>37,553</u>	<u>94,991</u>	<u>171,597</u>
TOTAL REVENUES	<u>34,688,167</u>	<u>36,399,463</u>	<u>39,211,194</u>	<u>40,329,905</u>	<u>50,320,621</u>
EXPENDITURES					
Current:					
General government	1,283,100	1,395,322	1,341,036	1,377,988	1,423,243
Public safety	2,867,105	3,038,923	3,259,068	3,468,131	3,937,662
Public works	1,967,216	2,245,104	2,257,081	2,379,266	2,437,444
Culture and recreation	864,951	881,876	914,364	961,177	955,013
Health and welfare	191,539	189,503	199,129	199,615	222,568
Development and conservation	340,026	343,485	330,918	362,286	413,865
Benefits and insurance	1,321,688	1,468,579	1,581,554	1,673,899	1,652,294
Education	23,128,660	23,251,658	25,672,515	26,964,963	35,671,506
Debt service	2,761,071	2,795,087	2,805,779	2,918,189	3,174,713
Capital outlay	<u>-0-</u>	<u>58,960</u>	<u>63,278</u>	<u>21,532</u>	<u>22,833</u>
TOTAL EXPENDITURES	<u>34,725,356</u>	<u>35,668,067</u>	<u>38,424,722</u>	<u>40,327,046</u>	<u>49,911,141</u>
Excess (deficiency) of revenues over expenditures	<u>(37,189)</u>	<u>731,396</u>	<u>786,472</u>	<u>2,859</u>	<u>409,480</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from capital leases	-0-	-0-	-0-	-0-	311,373
Sale of assets	155,081	27,243	16,490	3,470	-0-
Operating transfers in	409,918	344,424	335,629	347,911	446,508
Operating transfers out	<u>(509,818)</u>	<u>(523,634)</u>	<u>(444,363)</u>	<u>(102,130)</u>	<u>(431,875)</u>
Net other financial sources (uses)	<u>55,181</u>	<u>(151,967)</u>	<u>(92,244)</u>	<u>249,251</u>	<u>326,006</u>
Net change in fund balances	17,992	579,429	694,228	252,110	735,486
Fund Balance - Beginning of Year	<u>3,424,052</u>	<u>3,442,044</u>	<u>4,021,473</u>	<u>4,715,701</u>	<u>4,967,811</u>
Fund Balance - End of Year	<u>\$ 3,442,044</u>	<u>\$ 4,021,473</u>	<u>\$ 4,715,701</u>	<u>\$ 4,967,811</u>	<u>\$ 5,703,297</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 and the Notes. 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 Continuing Disclosure Agreements with respect to the Bonds and the Notes, substantially in the forms attached hereto as Appendices D and E, respectively, to this Official Statement (the "Continuing Disclosure Agreements"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data with respect to the Bonds, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and the Notes; 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 winning bidders obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and the Notes, executed copies of the Continuing Disclosure Agreements.

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, June 30, 2004 and June 30, 2008 which the Town filed on October 29, 2007, March 17, 2005 and March 24, 2009, respectively. The Town has implemented procedures to ensure timely filing of future financial information with respect to their continuing disclosure undertakings.

Documents Accompanying Delivery of the Bonds

Upon the delivery of the Bonds and the Notes, the purchaser(s) will be furnished with the following:

1. A Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay the principal of and interest on the Bonds and the Notes;
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 signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that as of that at the time bids were received on the Bonds and the Notes, 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 and the Notes;
4. The approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut for each of the Bonds and the Notes in substantially the forms attached to the Official Statement as Appendices B and C, respectively;
5. An executed Continuing Disclosure Agreement for each of the Bonds and the Notes in substantially the forms attached to the Official Statement as Appendices D and E, respectively; and
6. The Town will provide the winning bidder of the Bonds 100 copies of the final Official Statement, and the winning bidder(s) of the Notes 15 copies of the final Official Statement, as prepared for this issue at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder(s) at its own expense by arrangement with the printer. If the Issuers financial advisor is provided with the necessary information from the winning bidder(s) by 12:00 p.m. (Noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any on the Bonds and the Notes.

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 and the Notes.

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

TOWN OF NORTH BRANFORD, CONNECTICUT

By: _____

RICHARD V. BRANIGAN
Town Manager

By: _____

ANTHONY P. ESPOSITO, JR.
Town Treasurer

Dated: October 16, 2009

APPENDIX A - FINANCIAL STATEMENTS

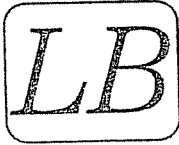
TOWN OF NORTH BRANFORD, CONNECTICUT

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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, 2008 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
100 BRADLEY ROAD • WOODBRIDGE, CONNECTICUT 06525-2394
203 389-5371 • FAX 203 389-4430

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

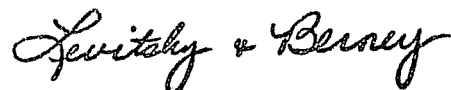
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, 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 3 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 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.



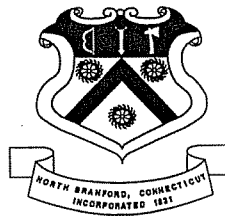
LEVITSKY & BERNEY, P.C.
Certified Public Accountants

December 18, 2008

MAYOR
MICHAEL J. DOODY

DEPUTY MAYOR
JOANNE S. WENTWORTH

TOWN MANAGER
RICHARD V. BRANIGAN



COUNCIL MEMBERS
ANDREW M. BOZZUTO
PAUL L. CALAMITA
VINCENT P. CAPRIO
ANDREW ESPOSITO III
JOSEPH E. FAUGHNAN
ASHLEY CLOW JOINER
ALFRED D. ROSE

TOWN OF NORTH BRANFORD

TOWN HALL 909 FOXON ROAD NORTH BRANFORD, CONNECTICUT 06471-0287
TOWN MANAGER (203) 484-6000 TOWN HALL FAX (203) 484-6025

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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, 2008. 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, 2008 by \$53,516,753 (*net assets*). (See Exhibit A) Of this amount, \$3,870,760 (*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 decreased by \$364,119. While Total Assets increased by over \$10.2 million - primarily reflected in a greater amount of investments, Total Liabilities increased by almost \$10.6 million - primarily due to a greater amount of debt, both general obligation (GO) bonds and bond anticipation notes (BAN's) to fund the construction at the North Branford Intermediate School, installation of sanitary sewers for the two schools in Northford Center and the Library expansion projects.
- The fund balance of the Town's General Fund increased by \$615,310, on a budgetary basis, during the fiscal year ended June 30, 2008. This is significant due to that fact that this amount is after the Town set aside additional monies (Reserves Fund) for other post-employment benefits (OPEB), which received \$135,000 of funding during the fiscal year. 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, 2007 fund balance that the Town had earmarked to help stabilize the mill rate for the 2007-08 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, 2008, the unreserved, undesignated fund balance for the General Fund was \$4,184,693 or 9.5% of total budgetary general fund expenditures for the 2008-09 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 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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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, 2008, the Town's governmental funds reported combined ending fund balances of \$7,338,420. 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 2008-2009 fiscal year budget.

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 twenty-five (25) 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, the Sewer Assessment Fund, the Capital Projects Fund and the Capital Nonrecurring Fund, which are considered to be major funds. Data from the other twenty-one (21) 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 10.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 \$53,516,753 at the close of the most recent fiscal year.

TOWN OF NORTH BRANFORD NET ASSETS

	<u>2008</u>	<u>2007</u>
Current and other assets.....	\$ 32,297,058	\$ 24,960,914
Capital assets.....	<u>73,102,652</u>	<u>70,209,537</u>
TOTAL ASSETS.....	<u>105,399,710</u>	<u>95,170,451</u>
Long-term liabilities outstanding.....	29,638,498	30,279,943
Other liabilities.....	<u>22,244,459</u>	<u>11,009,636</u>
TOTAL LIABILITIES.....	<u>51,882,957</u>	<u>41,289,579</u>
NET ASSETS:		
Invested in capital assets, net of related debt.....	49,645,993	40,790,915
Restricted.....	0	4,630,824
Unrestricted.....	<u>3,870,760</u>	<u>8,459,133</u>
TOTAL NET ASSETS.....	<u>\$ 53,516,753</u>	<u>\$ 53,880,872</u>

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 75.7% 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.

Governmental activities. Governmental activities increased the Town's net assets by \$221,000, thereby accounting for a slight .41% increase in the net assets of the Town. Following is a summary of changes in net assets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

TOWN OF NORTH BRANFORD
CHANGES IN NET ASSETS
(IN THOUSANDS)

	2008	2007	% CHANGE
REVENUES:			
Program revenues:			
Charges for services.....	\$2,976	\$3,668	-18.87%
Operating grants and contributions	10,250	10,662	-3.86%
Capital grants and contributions....	930	132	604.55%
General revenues:			
Property taxes.....	31,215	29,540	5.67%
Grants and contributions not restricted to specific programs.....	9,081	280	3143.21%
Investment income.....	847	973	-12.95%
Miscellaneous.....	554	184	201.09%
TOTAL REVENUES.....	55,853	45,437	22.92%
EXPENSES:			
General government.....	2,205	1,699	29.78%
Public safety.....	5,146	5,024	2.43%
Public works.....	3,015	5,127	-41.19%
Culture recreation.....	2,044	2,139	-4.44%
Health and welfare.....	1,051	246	327.24%
Conservation.....	565	515	9.71%
Education.....	40,232	29,958	34.29%
Interest expense.....	771	1,222	-36.91%
Total Governmental Activities	55,029	45,930	19.81%
Business-type Activities:			
Sewer Operating Fund (Net)	603	0	
TOTAL EXPENSES.....	55,632	45,930	21.12%
CHANGE IN NET ASSETS.....	221	-492	
NET ASSETS - JULY 1 (As Restated).....	53,296	54,373	
NET ASSETS - JUNE 30.....	\$53,517	\$53,881	-0.67%

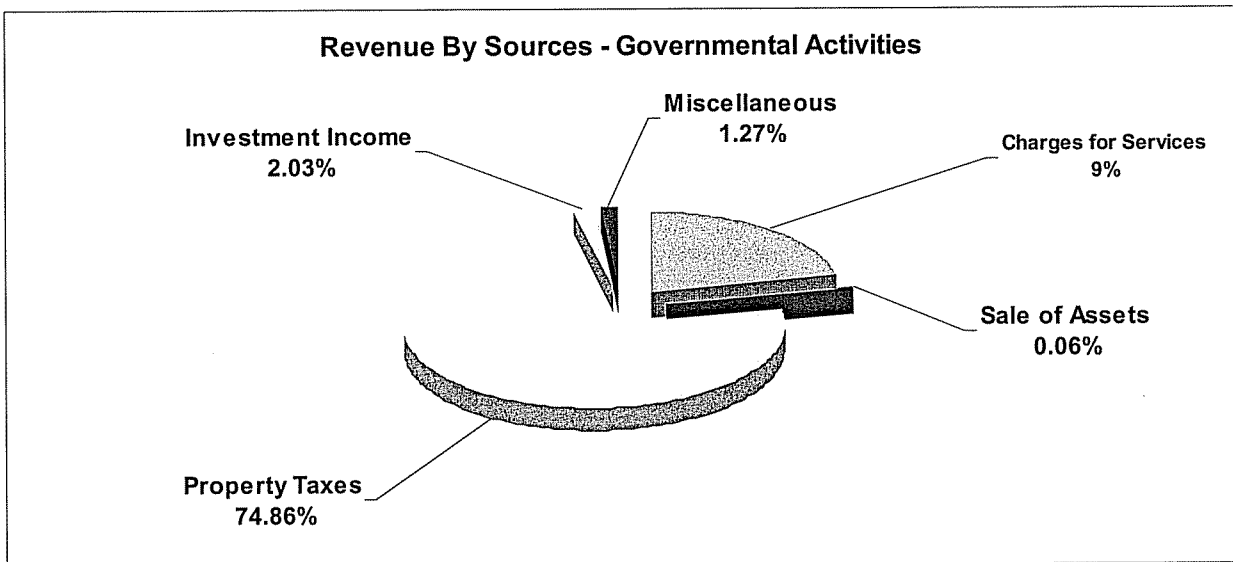
Fifty-five percent (55.8%) of the revenues of the Town were derived from property taxes, followed by eighteen percent (18.35%) from operating grants, sixteen percent (16.26%) from capital grants and contributions and nine percent (5.33%) from charges for services. The remaining revenues are comprised of

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

two percent (1.67%) from grants and contributions not restricted to specific programs and one percent (1.5%) from investment income and less than one percent from miscellaneous revenue (0.99%).

Major revenue factors included:

- Property tax revenues recorded for 2007-08 reflect a slight increase which is primarily the result of a larger tax levy than the prior year. A noteworthy comment is that the long-standing absence of a Tax Collector was remedied in the spring of 2008.
- Charges for services decreased due to a small amount of building permits being issued as well as fewer mortgage refinancing taking place as a result of higher interest rates than in recent years, resulting in lower conveyance taxes.
- Investment income decreased due to very low interest rates being offered as a result of the overall downturn of the national economy.

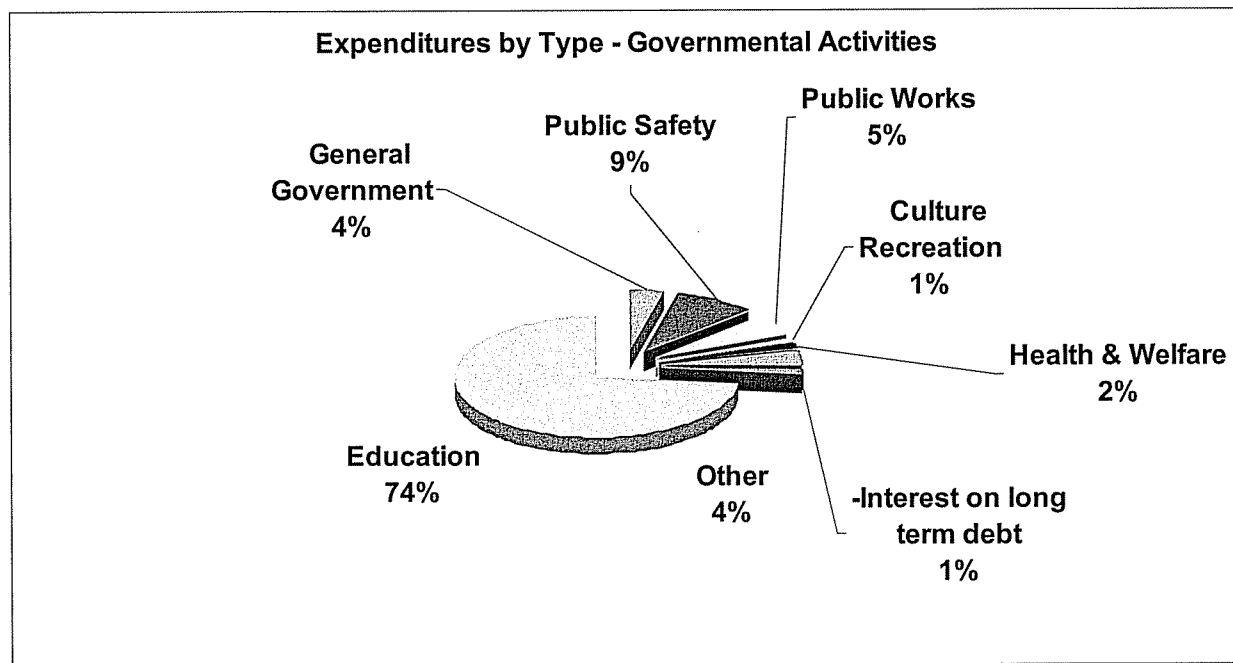


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. However, there were a few exceptions, as noted below.

- General government expenses decreased due to reduced expenditures on capital items for the departments that encompass the General government classification.
- Culture and recreation increased primarily as a function of increased expenses in the Recreation Program, Community Center and Senior Citizens funds. All of these are funded by non-tax revenue sources.
- Education expenses (net) increased due to contractual obligations and increases in employee benefits and a reduced Education Cost Sharing (ECS) grant.

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.

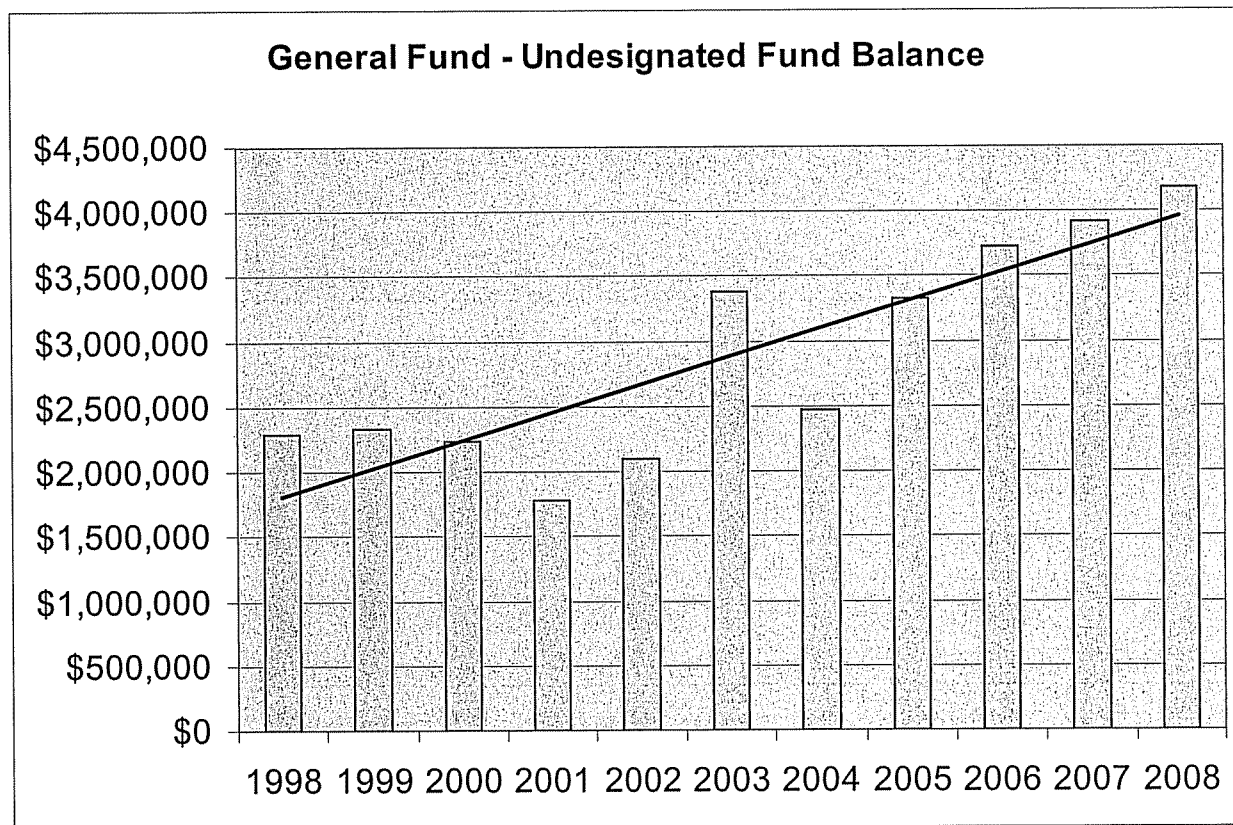
As of the end of the current fiscal year, the Town's non-major governmental funds reported combined ending fund balances of \$2,995,557, an increase of \$176,656 in comparison with the prior year.

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 \$4,184,693, while total fund balance reached \$5,703,297 (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 9.5% of total 2008-09 general fund budgetary expenditures, while total fund balance represents 12.96% of that same amount.

The fund balance of the Town's general fund increased by \$615,310, on a budgetary basis, during the current fiscal year. Key factors are as follows:

- All departments underexpended their budgets.
- Building permit revenue, although down from the prior year, exceeded budget
- Delinquent tax collections were higher than budgeted

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 \$312,034 at June 30, 2008.

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 \$5,605,062 during the year. The ending fund balance was a deficit of (\$4,022,801) as a result. This will be corrected once the Town permanently bonds the Bond Anticipation Notes that it has issued to fund the expenditures.

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 \$617,399.

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, 2008, amounts to \$56,706,990 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

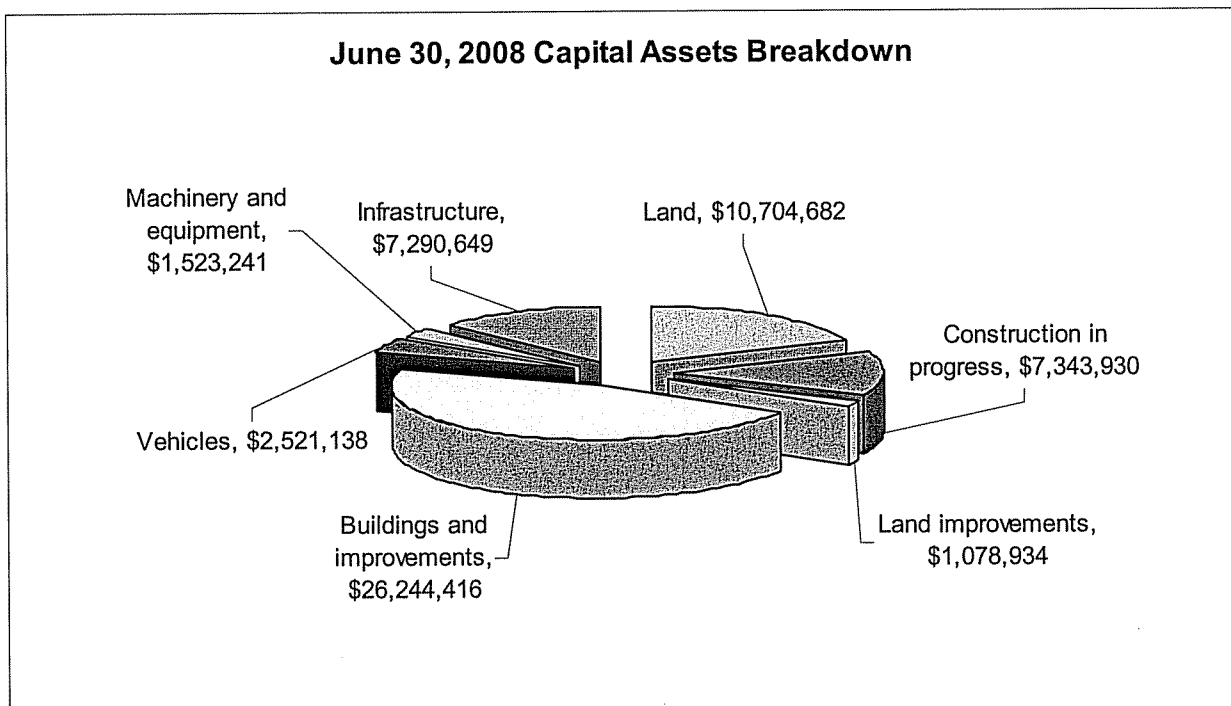
Major capital asset events during the current fiscal year included the following:

- 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.
- The Business type activity Capital Assets increased from \$16,649,260 to \$16,395,662.

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

	<u>2008</u>	<u>2007</u>
Land.....	\$10,704,682	\$10,704,682
Construction in progress.....	7,343,930	3,936,666
Land improvements.....	1,078,934	1,133,741
Buildings and improvements.....	26,244,416	26,629,604
Machinery and equipment.....	1,523,241	1,223,146
Vehicles.....	2,521,138	2,410,915
Infrastructure.....	7,290,649	7,521,522
TOTAL.....	\$56,706,990	\$53,560,276

Additional information on the Town's capital assets can be found in Note 7



Long-term debt. At the end of the current fiscal year, the Town had total bonds/notes outstanding of \$28,873,821. The Town has plans to issue debt in the fall of 2008, 2009 and possibly 2010. The new debt increase will permanently finance the Augur Farm acquisition - roughly \$5.4 million, the North Branford Intermediate School renovate-as-new project - roughly \$22 million, the installation of sanitary sewers in

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Northford to connect the two elementary schools - \$500,000, 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 "A1" rating 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 \$ 210,039,049, 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 4.0%. This compares favorably to the 4.8% rate for the New Haven region, for the state's average unemployment rate of 4.6% and the national average rate of 4.6%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for the 2008-2009 fiscal year.

During the 2007-2008 fiscal year, unreserved fund balance in the general fund increased to \$4,184,693. Although the Town designated \$350,000 of this amount for spending in the 2008-2009 fiscal year, with the intentions of offsetting the need to raise taxes, the development of the 2008-2009 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 2008-2009 expenditures in line and adopted a budget that represented a 5.54% increase over the 2007-2008 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 now the 2007-08 budgets to help with the first annual required contribution in the 2008-09 fiscal year. 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.

The Water Pollution Control Authority's sewer user rate remained unchanged for the 2007-2008 budget. Additional intermunicipal capital costs (primarily from North Haven and Branford) are being funded from the Sewer Capital Funds, and are shown as transfers in. 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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, 2008

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 24,516,373	577,752	25,094,125
Investments	832,493		832,493
Receivables	5,739,846	265,710	6,005,556
Prepaid expenses	17,975		17,975
Inventory	12,274		12,274
External balances	5,240		5,240
Capital assets (net of accumulated depreciation)	56,706,990	16,395,662	73,102,652
Bond issuance costs	127,523		127,523
Net pension assets	201,872		201,872
Total Assets	\$ 88,160,586	17,239,124	105,399,710
LIABILITIES			
Accounts payable and other liabilities	\$ 3,117,736	258,576	3,376,312
Unearned revenues	762,819	681	763,500
Accrued interest payable	312,500		312,500
Bond anticipation note	14,500,000		14,500,000
Non-current liabilities:			
Due within one year	3,292,147		3,292,147
Due in more than one year	29,638,498		29,638,498
Total Liabilities	\$ 51,623,700	259,257	51,882,957
NET ASSETS			
Investment in capital assets, net of related debt	\$ 33,250,331	16,395,662	49,645,993
Unrestricted	3,286,555	584,205	3,870,760
Total Net Assets	\$ 36,536,886	16,979,867	53,516,753

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, 2008

<u>Functions/Programs</u>	<u>Expenses</u>
Governmental Activities:	
General government	\$ 2,204,754
Public safety	5,145,664
Public works	3,015,100
Health and welfare	1,051,102
Cultural and recreation	565,269
Education	40,232,437
Other	2,043,650
Interest on long-term debt	770,546
Total Governmental Activities	\$ 55,028,522
Business-Type Activities	
Sewer usage	\$ 1,390,442
Total Business-Type Activities	\$ 1,390,442
Total primary government	\$ 56,418,964

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
320,339	23,310		(1,861,105)		(1,861,105)
560,304	50,987	296,457	(4,237,916)		(4,237,916)
387,408	190,833	11,103	(2,425,756)		(2,425,756)
67,530			(983,572)		(983,572)
224,333	5,250	78,265	(257,421)		(257,421)
1,415,963	9,979,289	543,910	(28,293,275)		(28,293,275)
			(2,043,650)		(2,043,650)
			(770,546)		(770,546)
<u>2,975,877</u>	<u>10,249,669</u>	<u>929,735</u>	<u>(40,873,241)</u>	<u>-</u>	<u>(40,873,241)</u>
<u>787,708</u>				<u>(602,734)</u>	<u>(602,734)</u>
<u>787,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(602,734)</u>	<u>(602,734)</u>
<u>3,763,585</u>	<u>10,249,669</u>	<u>929,735</u>	<u>(40,873,241)</u>	<u>(602,734)</u>	<u>(41,475,975)</u>
General Revenues:					
Property taxes			\$ 31,214,839		31,214,839
Grants and contributions not restricted to specific programs			9,080,898		9,080,898
Investment earnings			846,664		846,664
Sale of assets			25,028		25,028
Miscellaneous			528,943		528,943
Transfer to other funds			(287,485)	287,485	-
Total general revenues			\$ 41,408,887	287,485	41,696,372
Change In Net Assets			\$ 535,646	(315,249)	220,397
Net Assets-Beginning			\$ 36,784,602	17,096,270	53,880,872
Prior Period Adjustment			(783,362)	198,846	(584,516)
Net Assets-Beginning, restated			\$ 36,001,240	17,295,116	53,296,356
Net Assets-Ending			\$ 36,536,886	16,979,867	53,516,753

TOWN OF NORTH BRANFORD, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	<u>General</u>
ASSETS	
Assets:	
Cash and cash equivalents	\$ 6,653,333
Investments	657,000
Taxes receivable	2,954,923
Intergovernmental receivable	166,401
Other receivables	993
Prepaid expenses	
Inventory	5,240
Due from other funds	\$ 10,437,890
Total Assets	<u><u>10,437,890</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	\$ 603,874
Deferred revenue	4,130,719
Bond anticipation notes	
Total Liabilities	<u><u>4,734,593</u></u>
Fund Balances (deficits):	
Reserved For:	
Endowments	\$ 1,168,604
Encumbrances	
Inventory	
Designated for subsequent year budget	350,000
Unreserved, undesignated reported in:	
General fund	4,184,693
Special projects	
Capital projects	
Permanent funds	
Total Fund Balance	<u><u>5,703,297</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 10,437,890</u></u>

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

EXHIBIT C

<u>Sewer Assessment</u>	<u>Bonded Projects</u>	<u>Capital and Nonrecurring</u>	<u>Other Governmental</u>	<u>Totals</u>
312,034	12,877,237	2,350,739	2,323,030	24,516,373
			832,493	832,493
				657,000
		1,121	8,393	2,964,437
1,660,246		84,749	44,505	1,955,901
			16,982	17,975
			12,274	12,274
				5,240
<u>1,972,280</u>	<u>12,877,237</u>	<u>2,436,609</u>	<u>3,237,677</u>	<u>30,961,693</u>
	2,400,038	1,490	112,334	3,117,736
1,660,246		84,786	129,786	6,005,537
	14,500,000			14,500,000
<u>1,660,246</u>	<u>16,900,038</u>	<u>86,276</u>	<u>242,120</u>	<u>23,623,273</u>
			447,853	447,853
	5,686,589	13,366	7,482	6,876,041
			12,274	12,274
				350,000
				4,184,693
			1,904,344	1,904,344
312,034	(9,709,390)	2,336,967		(7,060,389)
			623,604	623,604
<u>312,034</u>	<u>(4,022,801)</u>	<u>2,350,333</u>	<u>2,995,557</u>	<u>7,338,420</u>
<u>1,972,280</u>	<u>12,877,237</u>	<u>2,436,609</u>	<u>3,237,677</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.

56,706,990

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

5,607,098

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds

(33,115,622)

Net Assets of Governmental Activities \$ 36,536,886

TOWN OF NORTH BRANFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2008

	General	Sewer Assessment
Revenues:		
Property taxes	\$ 31,157,035	
Licenses and permits	189,888	
Intergovernmental	18,384,827	
Charges for services	132,288	282,546
Investment earnings	284,986	66,817
Other	171,597	
Total Revenues	\$ 50,320,621	349,363
Expenditures:		
General	\$ 1,423,243	
Public safety	3,937,662	
Public works	2,437,444	
Health and welfare	955,013	
Culture and recreation	222,568	
Education	35,671,506	
Community development	413,865	
Benefits and insurance	1,652,294	
Capital outlay	22,833	
Debt service:		
Principal	2,360,728	
Interest	813,985	
Total Expenditures	\$ 49,911,141	-
Excess (Deficiency) Of Revenues Over (Under) Expenditures	\$ 409,480	349,363
Other Financial Sources (Uses):		
Bond Proceeds	\$ 311,373	
Lease Proceeds	446,508	
Transfer in	(431,875)	(322,010)
Transfer (out)	326,006	(322,010)
Total Other Financial Sources	\$ 326,006	(322,010)
Net Change in Fund Balance	\$ 735,486	27,353
Fund Balance - beginning	\$ 4,967,811	284,681
Fund Balance - ending	\$ 5,703,297	312,034

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>
			31,157,035
			189,888
	36,073	2,188,862	20,609,762
	69,536	2,044,727	2,529,097
342,598	126,661	25,602	846,664
9,603	272,054	252,373	705,627
<u>352,201</u>	<u>504,324</u>	<u>4,511,564</u>	<u>56,038,073</u>
		578,401	2,001,644
		586,029	4,523,691
		206,347	2,643,791
		38,747	993,760
		290,446	513,014
		2,159,859	37,831,365
		14,004	427,869
		658,102	2,310,396
5,605,062	617,399		6,245,294
			-
			2,360,728
			813,985
<u>5,605,062</u>	<u>617,399</u>	<u>4,531,935</u>	<u>60,665,537</u>
<u>(5,252,861)</u>	<u>(113,075)</u>	<u>(20,371)</u>	<u>(4,627,464)</u>
1,042,166	482,487		1,524,653
			311,373
718,193	250,700	265,525	1,680,926
(340,618)	(805,410)	(68,498)	(1,968,411)
<u>1,419,741</u>	<u>(72,223)</u>	<u>197,027</u>	<u>1,548,541</u>
<u>(3,833,120)</u>	<u>(185,298)</u>	<u>176,656</u>	<u>(3,078,923)</u>
<u>(189,681)</u>	<u>2,535,631</u>	<u>2,818,901</u>	<u>10,417,343</u>
<u>(4,022,801)</u>	<u>2,350,333</u>	<u>2,995,557</u>	<u>7,338,420</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, 2008**

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)	\$ (3,078,923)
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.	3,146,714
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(278,540)
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.	746,395
Change in net assets of governmental activities. (Exhibit B)	<u>\$ 535,646</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, 2008**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues and Other Financial Sources:				
Property taxes	\$ 31,117,161	31,117,161	31,157,035	39,874
Investment income	300,000	300,000	284,790	(15,210)
Licenses and permits	108,200	108,200	189,888	81,688
Current services	112,050	112,050	132,288	20,238
State grants - taxes	301,429	301,429	355,768	54,339
State grants - education	8,312,880	8,312,880	8,246,534	(66,346)
State grants - other	592,139	592,139	606,449	14,310
Miscellaneous revenues	407,367	407,367	562,837	155,470
Operating transfers	446,504	446,504	446,508	4
Total revenues	\$ 41,697,730	41,697,730	41,982,097	284,367
Expenditures and Other Financial Uses:				
Current:				
General government	\$ 1,401,699	1,495,830	1,456,795	39,035
Public safety	3,790,710	3,682,662	3,652,643	30,019
Public works	2,522,412	2,412,948	2,377,555	35,393
Cultural and recreation	983,200	964,394	933,997	30,397
Health and welfare	219,977	229,322	222,508	6,814
Development and conservation	417,316	435,463	413,564	21,899
Benefits and insurance	1,858,265	1,763,083	1,645,665	117,418
Board of education	27,092,838	27,042,838	27,034,640	8,198
Debt service:				
Principal retirements	2,360,728	2,360,729	2,360,728	1
Interest and other charges	813,985	813,986	813,984	2
Capital improvements	231,600	231,600	189,833	41,767
Operating transfers	5,000	264,875	264,875	-
Total expenditures	\$ 41,697,730	41,697,730	41,366,787	330,943
	\$ -	-	615,310	615,310
Less:				
Designation of fund balance for subsequent year			(350,000)	
Net change in general fund's unreserved, undesignated fund balance			265,310	
Unreserved, undesignated fund balance, July 1, 2007			3,919,383	
Unreserved, undesignated fund balance, June 30, 2008			4,184,693	

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	<u>Sewer Operating</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 577,752
Receivables, net of allowance for collection losses:	
Use charges	74,566
Unbilled services	191,144
Total current assets	<u>\$ 843,462</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	\$ 16,395,662
Total noncurrent assets	<u>\$ 16,395,662</u>
Total assets	<u>\$ 17,239,124</u>
Liabilities	
Current liabilities:	
Accounts payable & accrued liabilities	\$ 258,576
Unearned revenues	681
Total current liabilities	<u>\$ 259,257</u>
Total liabilities	<u>\$ 259,257</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 16,395,662
Unrestricted	584,205
Total net assets	<u>\$ 16,979,867</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITIES
PROPRIETARY FUNDS
For the year ended June 30, 2008

	<u>Sewer Operating</u>
Operating revenues:	
Charges for services	\$ 775,713
Miscellaneous	11,995
Total operating revenues	<u>\$ 787,708</u>
Operating expenses:	
Salaries, benefits and claims	\$ 64,550
Intermunicipal operating contracts	868,179
Other contracts	169,952
Utilities	26,545
Administration and operation	7,618
Depreciation	253,598
Total operating expenses	<u>\$ 1,390,442</u>
Operating income (loss)	<u>\$ (602,734)</u>
Nonoperating revenues (expenses):	
Transfer in from capital assessment	\$ 312,485
Transfer out - capital expenditures	(25,000)
Total nonoperating revenues (expenses)	<u>\$ 287,485</u>
Change in Net Assets	<u>\$ (315,249)</u>
Net Assets, Beginning	\$ 17,096,270
Prior Period Adjustment	198,846
Net assets, beginning restated	<u>\$ 17,295,116</u>
FUND EQUITIES, (DEFICIT), Ending	<u><u>\$ 16,979,867</u></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, 2008

	Sewer Operating
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,131,668
Payments to suppliers	(1,239,684)
Payments to employees	(64,550)
Net cash flows from operating activities	\$ (172,566)
Cash Flows From Capital and Related Financing Activities	
Net transfers from other funds for capital activities	\$ 287,485
Net cash provided by (used in) capital and related financing activities	\$ 287,485
 Net increase (decrease) in cash and cash equivalents	 \$ 114,919
Cash and Cash Equivalents, Beginning Balance	462,833
Cash and Cash Equivalents, Ending Balance	\$ 577,752
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In)	
Operating Activities:	
Operating Income (Loss)	\$ (602,734)
Adjustments to reconcile operating loss to net cash provided by (used in)	
operating activities:	
Depreciation	(81,182)
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	343,875
Increase (decrease) in accounts payable	167,390
Increase (decrease) in unearned income	85
	\$ (172,566)

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2008

	Employee Retirement Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 1,213,651	439,809
Investments:		
Corporate bonds	\$	
U.S. government and agency obligations	2,432,788	
Common stock	8,223,204	
Preferred stocks		
Short Term Investments	295,025	
Total investments	\$ 10,951,017	-
Total assets	<u>\$ 12,164,668</u>	<u>439,809</u>
LIABILITIES		
Due to other funds	\$	5,240
Other liabilities	20,471	
Due to other groups or agencies		434,569
Total liabilities	<u>\$ 20,471</u>	<u>439,809</u>
PLAN NET ASSETS		
Held in trust for pension benefits	<u>\$ 12,144,197</u>	<u>-</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the year ended June 30, 2008

	Employee Retirement Funds
Additions:	
Contributions:	
Employer	\$ 788,249
Plan members	176,197
Total Contributions	<u>\$ 964,446</u>
Investments Income (Loss):	
Interest and dividends	\$ 327,873
Net (decrease) in fair value of investments	<u>(1,182,099)</u>
	<u>\$ (854,226)</u>
Total Additions	<u>\$ 110,220</u>
Deductions:	
Benefits and other deductions	\$ 593,364
Administration	<u>260,125</u>
Total Deductions	<u>\$ 853,489</u>
Net Increase (Decrease)	\$ (743,269)
Net Assets, Beginning of Year	<u>12,887,466</u>
Net Assets, End of Year	<u><u>\$ 12,144,197</u></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, 2008

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, 2008

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 propriety fund financial statements subject to this same limitation. The Town's 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, 2008

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's expenditures funded mainly through governmental grants and the general fund appropriations.

Also the following as 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 **Agency Funds** account for monies held as a custodian for outside groups and agencies.

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.

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.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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

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.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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, 2008

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.

Reclassifications

Certain amounts for the year ended June 30, 2007 have been reclassified in the financial statements to conform to the presentation of the June 30, 2008 balances. Included in this was the reclassification of the sewer operating account as a business-type activity. This had an effect on the related fund balances, and capital assets. Any effects on fund balance were classified as a prior period adjustment.

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.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

- o 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.
- o 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 (normally does not recur in a three year period) or for capital expenditures.

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	\$ 41,982,097	41,366,787
Recorded as other financial sources (uses)	(446,508)	(431,875)
Encumbered funds as of June 30, 2007 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	(41,241)	651,540
Encumbered funds as of June 30, 2008 are recorded in the budgetary basis of accounting but not considered an expense for GAAP purposes		(1,162,957)
Capital leases are not considered an expenditure for budgetary purposes, but is recognized as an expenditure for GAAP purposes		311,373
For budgetary purposes, the designation of surplus is considered other financial resources, but is not recognized for GAAP purposes	(350,000)	
State Teachers' Retirement and On-behalf Payment, not recognized for budgetary purposes	9,176,273	9,176,273
Balance, GAAP Basis	\$ <u>50,320,621</u>	<u>49,911,141</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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.

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 are as follows:

Capitalized Asset, 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	\$ 10,704,682
Construction in progress	7,343,930
Other capital assets	58,278,299
Less depreciation	<u>(19,619,921)</u>
Total capitalized assets	\$ <u>56,706,990</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	\$ 382,188
Delinquent property tax interest	162,508
Deferred charges	1,907,503
State BOE receivable	2,953,027
Net pension assets	<u>201,872</u>
Total long-term assets	\$ <u>5,607,098</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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	\$ (28,722,777)
Compensated absences	(3,975,368)
Landfill closure	(82,500)
Heart and hypertension	(150,000)
Accrued interest	(312,500)
Accrued bond costs	<u>127,523</u>
Total long-term assets	\$ <u>(33,115,622)</u>

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	\$ 4,398,229
Disposal and adjustments to depreciation	16,952
Depreciation expense	<u>(1,268,467)</u>
Total capital assets	\$ <u>3,146,714</u>

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

Net change deferred taxes and interest	\$ 218,104
School building funds received	(360,505)
Deferred charges received	(130,624)
Use of pension net assets	<u>(5,515)</u>
Total long-term assets	\$ <u>(278,540)</u>

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

Payment on debt	\$ 9,712,600
New issues of debt	(8,816,373)
Accrued expenses on related debt expense	(59,090)
Net change in compensated absences	22,088
Expenses on landfill monitoring	7,500
Recognition of heart and hypertension	(150,000)
Net change in accrued interest	43,439
Accrual of debt related prepaid expenses	<u>(13,769)</u>
Total long-term assets	\$ <u>746,395</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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	\$ 5,281,791	19,234,582	24,516,373
Business-type funds	938	576,814	577,752
Fiduciary	1,653,460		1,653,460
Investments:			
Government funds		832,493	832,493
Fiduciary		10,951,017	10,951,017
Total Deposits and Investments	\$ 6,936,189	31,594,906	38,531,095

Deposits

Custodial Credit Risk

As of June 30, 2008, the Town's above deposits had bank balances of approximately \$5,446,280, of which \$100,000 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, 2008, the Town maintained approximately \$495,405 of uninsured and \$1,782,568 was collateralized deposits under the provision.

Investments

As of June 30, 2008, the Town held the following investments:

<u>Investment Type</u>	<u>Investment Fair Value</u>	<u>Maturity</u>		
		<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>5- 10 Years</u>
Repurchase agreement	\$ 15,200,355	15,200,355		
State investment fund	2,588,650	2,588,650		
Money market funds	295,023	295,023		
Common stock	8,223,204	8,223,204		
U.S. Government and Agency Obligations	2,432,788		2,082,133	350,655
Tax exempt proceeds fund	2,854,886	2,854,886		
Total	\$ 31,594,906	29,162,118	2,082,133	350,655

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2008

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.

Note 5 - Receivables, Payables and Deferred Revenue

Receivables

The receivables as of June 30, 2008 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>
Delinquent property taxes	\$ 654,611	
Delinquent property tax interest	162,508	
Service charges	206,894	74,566
Assessments for sewer	1,744,995	
Unbilled revenue		191,144
Intergovernmental	2,964,437	
Other	166,520	
	<u>\$ 5,899,965</u>	<u>265,710</u>
Less: allowance for doubtful accounts	<u>(160,119)</u>	
Total net receivables	<u>\$ 5,739,846</u>	<u>265,710</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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	\$ 382,188		382,188
Delinquent property tax interest	162,508		162,508
Taxes paid in advance		564,024	564,024
Overpayment of taxes		63,571	63,571
Deposit for services		135,187	135,187
Long-term receivables:			
Sewer assessments	1,744,995	37	1,745,032
Intergovernmental grants	<u>2,953,027</u>		<u>2,953,027</u>
Total deferred revenue	\$ <u>5,242,718</u>	<u>762,819</u>	<u>6,005,537</u>

Payables

Payables as of June 30, 2008 for the Town's General Fund were as follows:

	<u>Government Funds</u>	<u>Business-Type Funds</u>
Vendors	\$ 2,804,033	258,576
Payroll	309,620	
State of Connecticut	<u>4,083</u>	
Total payables	\$ <u>3,117,736</u>	<u>258,576</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2008

Bond Anticipation Notes Payable

The Town has issued a bond anticipation note on November 12, 2007 for \$14,500,000 to be paid in full on November 12, 2008 with an interest rate of 4%. The June 30, 2007 bond anticipation note of \$7,070,000 was paid in full through a general obligation bond issuance.

Note 6 - Interfund Receivables, Payables and Transfers

Interfund receivables and payables at June 30, 2008 consisted of the following:

<u>Payable Fund</u>	<u>Receivables General Fund</u>
Performance Bonds	\$ <u>5,240</u>

The balance represents expenses that are to be reimbursed by the agency fund.

A summary of interfund transfers is presented below:

	<u>Transfer To</u>	<u>Transfer From</u>
Government Funds:		
General fund	\$ 431,875	446,508
Sewer assessment	322,010	
Capital improvements	1,146,028	968,893
Nonmajor funds	68,498	265,525
Proprietary funds:	25,000	312,485
Sewer Operating		
Total interfund transfers	\$ <u>1,993,411</u>	<u>1,993,411</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2008

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

GOVERNMENT ACTIVITIES

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Capital Assets, not being depreciated				
Land	\$ 10,704,682			10,704,682
Construction in progress	3,936,666	3,407,264		7,343,930
Total capital asset, not being depreciated	\$ 14,641,348	3,407,264	-	18,048,612
Capital Assets, being depreciated				
Land improvements	\$ 1,336,474			1,336,474
Building and improvements	33,413,334			33,413,334
Machinery and equipment	5,987,527	648,494	350,786	6,285,235
Vehicles	5,202,632	342,471	25,718	5,519,385
Infrastructure:				
Roads	9,681,792			9,681,792
Bridges	2,042,079			2,042,079
Total capital assets, being depreciated	\$ 57,663,838	990,965	376,504	58,278,299
Less, accumulated depreciation for:				
Land improvements	\$ 202,733	54,807		257,540
Building and improvements	6,783,730	418,923	33,735	7,168,918
Machinery and equipment	4,764,381	337,513	339,900	4,761,994
Vehicles	2,791,717	226,351	19,821	2,998,247
Infrastructure:				
Roads	3,808,617	190,031		3,998,648
Bridges	393,732	40,842		434,574
Total accumulated depreciation	\$ 18,744,910	1,268,467	393,456	19,619,921
Net capital assets being depreciated	\$ 38,918,928	(277,502)	(16,952)	38,658,378
Total net capital assets, Government Activities	\$ 53,560,276	3,129,762	(16,952)	56,706,990

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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

Depreciation Expense:	
General government	\$ 68,827
Public safety	267,966
Public works	331,312
Culture and recreation	25,500
Education	<u>574,862</u>

Total depreciation expense- governmental activities	<u>\$ 1,268,467</u>
--	---------------------

BUSINESS-TYPE ACTIVITIES

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Infrastructure, Sewers	\$ 25,106,234			25,106,234
Less, Accumulated Depreciation	<u>8,456,974</u>	<u>253,598</u>		<u>8,710,572</u>
Total Capital Asset, Business-Type Activities	\$ <u>16,649,260</u>	<u>253,598</u>	<u>-</u>	<u>16,395,662</u>

The depreciation expense of \$253,598 is recognized at the fund level for proprietary funds.

Note 8 - Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt:					
General obligation bonds	\$ 3,170,000	8,505,000	530,000	11,145,000	865,728
Bond anticipation note	7,050,000		7,050,000	-	
G.O. refunding bonds	17,305,000		1,470,000	15,835,000	1,640,000
Clean water fund	2,254,549		360,728	1,893,821	360,728
Capital leases	<u>371,263</u>	<u>311,373</u>	<u>301,872</u>	<u>380,764</u>	<u>215,927</u>
Total long-term debt	30,150,812	8,816,373	9,712,600	29,254,585	3,082,383
Bond premium	32,560		3,256	29,304	3,256
Deferred charges on debt	<u>(623,458)</u>		<u>(62,346)</u>	<u>(561,112)</u>	<u>(62,346)</u>
Total long-term debt, Net related liabilities	\$ <u>29,559,914</u>	<u>8,816,373</u>	<u>9,653,510</u>	<u>28,722,777</u>	<u>3,023,293</u>
Other long-term liabilities:					
Compensated absences	\$ 3,997,456	240,718	262,806	3,975,368	261,354
Landfill closure	90,000		7,500	82,500	7,500
Heart and hypertension		<u>150,000</u>		<u>150,000</u>	
Total long-term liabilities	\$ <u>33,647,370</u>	<u>9,207,091</u>	<u>9,923,816</u>	<u>32,930,645</u>	<u>3,292,147</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2008

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 15 year or 20 year serial bonds with equal amounts of principal maturing each year.

As of June 30, 2008, 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 G.O.B. 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.	\$ 1,340,000		1,340,000
\$1,750,000 G.O.B. 2003 authorized for general purpose. The bond has an interest rate of 2.5%-4.5%, with annual payments of interest and principal, maturing fully in 2017.	1,300,000		1,300,000
\$8,050,000 G.O.B. 2008 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
\$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.		7,395,000	7,395,000
\$11,015,000 Refunding Bond 2003 to repay debt authorized for general purpose. The bond has an interest rate of 2%-4%, with annual payments of interest and principal, maturing fully in 2017.		8,440,000	8,440,000
Total	\$ <u>11,145,000</u>	<u>15,835,000</u>	<u>26,980,000</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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

Year Ended, June 30,	Principal	Interest
2009	\$ 2,145,000	1,249,956
2010	2,215,000	980,524
2011	2,655,000	879,603
2012	2,640,000	767,010
2013	2,450,000	660,899
2014-2018	9,725,000	1,906,137
2019-2022	2,475,000	808,095
2023-2027	2,675,000	284,454
	<u>\$ 26,980,000</u>	<u>7,536,678</u>

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. Was received reimbursement was received for the year ended June 30, 2008. The Town expects to receive \$2,971,027 in principal payments to be reimbursed over future years. The principal portion of the receivable is included in as a receivable in the financial statements.

Un-issued Bond Authorization

Authorizations of general obligation bonds that remained un-issued as of June 30, 2008 are summarized below:

	July 1, 2007	New Bonds Issued	New Authorizations	June 30, 2008
Land Acquisition	\$ 4,925,000	5,400,000	475,000	-
Intermediate School (9/18/2007 & 10/16/2007)	3,800,000	2,070,000	33,600,000	35,330,000
Library Construction (9/19/2006)	9,500,000	1,035,000		8,465,000
Ardsley Avenue Sewer 10/16/2007			500,000	500,000
Total bonds authorizations un-issued	<u>\$ 18,225,000</u>	<u>8,505,000</u>	<u>34,575,000</u>	<u>44,295,000</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

Prior Years Advance and Current Refunding

The Town has issued \$12,254,910 and \$11,015,000 of general obligation refunding bonds on October 1, 2002 and May 1, 2003, 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 of the statement of net assets. At June 30, 2008, \$3,022,714 of the Town's general obligation debt was considered defeased.

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, 2008 was \$2,254,549 and the annual debt service requirements to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 360,728	34,570
2010	360,728	27,355
2011	360,728	20,141
2012	360,728	12,926
2013	360,728	5,712
2014-2015	90,181	301
	<u>\$ 1,893,821</u>	<u>101,005</u>

Capital Leases

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

Technology equipment	\$ 717,220
Public works equipment	72,940
Total leased equipment	\$ 790,160

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

<u>Fiscal Year June 30,</u>	<u>Payments</u>
2009	\$ 231,964
2010	114,709
2011	59,723
Total payments	\$ 406,396
Less interest	(25,632)
Total principal balance	<u>\$ 380,764</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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 \$82,500 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, 2008. 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 capacity and was closed prior to June 30, 2008 and ongoing monitoring is being performed.

Note 9 - Commitments and Contingencies

Litigation Liabilities

Based upon consultation with counsel, the Town's management estimates that any potential claim against the Town will be covered by insurance.

Commitments

Construction contracts

At June 30, 2008, the Town had the following construction contract commitments:

Library Construction	\$ 3,227,112
North Branford Schools	<u>12,135,223</u>
Total construction commitments	<u>\$ 15,362,335</u>

Note 10 - Employee Retirement 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.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Pension Trust Funds are accounted for using the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contractual requirements and investment income is recognized when earned. Expense (benefits, administration and refunds) are recognized when due and payable in accordance with the terms of the plan.

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.

Classes of Employees Covered

As of July 1, 2008, the plans' membership consisted of:

	<u>TOWN</u>	<u>POLICE</u>	<u>FIREFIGHTERS</u>
Retirees and beneficiaries currently receiving benefits	58	7	17
Terminated employees entitled to benefits but not yet receiving them	11		16
Active plan members	37	22	101
TOTAL	<u>106</u>	<u>29</u>	<u>134</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, 2008

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>	
<u>TOWN PLAN</u>				
2006	\$ 220,132	220,132	100.0	%
2007	251,544	251,544	100.0	
2008	257,130	257,130	100.0	
<u>POLICE PLAN</u>				
2006	399,696	399,696	100.0	
2007	452,481	452,481	100.0	
2008	436,750	436,750	100.0	
<u>FIREFIGHTERS PLAN</u>				
2006	96,430	96,430	100.0	
2007	105,628	105,628	100.0	
2008	94,369	94,369	100.0	

Employee Contributions

Town employees are required to contribute 4% of their earnings. Police Plan employees are required to contribute 6% 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, 2008	July 1, 2008	July 1, 2008
Actuarial cost method	Entry Age	Entry Age	Unit Credit Cost
Amortization Method	Level Dollar Closed	Level Dollar Closed	Decreasing Closed
Remaining amortization period	19	14	14
Asset valuation method	5 Year Smoothing	5 Year Smoothing	5 Year Smoothing
<u>ACUARIAL ASSUMPTIONS:</u>			
Investment rate of return	7.5 %	7.5	8.0
Projected salary increase	4.251	5.0	N/A
Inflation rate	2.5	2.5	N/A

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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	\$	257,130	436,750	94,369
Interest on net pension obligation		(8,921)	(4,445)	(2,333)
Adjustments to annual required contribution		11,423	6,484	3,295
Annual pension cost	\$	259,632	438,789	95,331
Contributions made		257,130	436,750	94,369
(Increase) decrease in net pension asset	\$	2,502	2,039	962
Net pension asset, July 1, 2006		(118,953)	(59,269)	(29,165)
Net pension asset, June 30, 2007	\$	(116,451)	(57,230)	(28,203)

Three Year Trend Information

YEAR ENDED JUNE 30,	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION ASSET
<u>Town</u>			
2006	\$ 222,297	99	% (121,280)
2007	253,871	99	(118,953)
2008	259,632	101	(116,451)
<u>Police</u>			
2006	401,460	99	(61,166)
2007	454,378	99	(59,269)
2008	436,750	100	(57,230)
<u>Firefighters</u>			
2006	97,255	99	(30,056)
2007	106,519	99	(29,165)
2008	94,369	101	(28,203)

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

Plan Statements

	TOWN PENSION	VOLUNTEER FIRE/ AMBULANCE PENSION	POLICE PENSION	TOTAL PENSION TRUST FUNDS
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COMBINING STATEMENT OF NET ASSETS

ASSETS:

Cash	\$	208,482	38,335	966,834	1,213,651
Investments at fair value:		4,548,006	823,105	5,579,906	10,951,017
TOTAL ASSETS	\$	4,756,488	861,440	6,546,740	12,164,668

LIABILITIES:

Accounts payable		9,990	5,490	4,991	20,471
Net assets held in trust for pension benefits	\$	4,746,498	855,950	6,541,749	12,144,197

COMBINING STATEMENT OF CHANGES IN NET ASSETS

ADDITIONS:

Contributions					
Employer	\$	257,130	94,369	436,750	788,249
Plan members		50,384		125,813	176,197
Total contributions	\$	307,514	94,369	562,563	964,446
Net investment income	\$	(438,601)	(71,117)	(344,508)	(854,226)
TOTAL ADDITIONS	\$	(131,087)	23,252	218,055	110,220

DEDUCTIONS:

Benefits	\$	411,954	23,918	157,492	593,364
Administration		104,670	59,203	96,252	260,125
TOTAL DEDUCTIONS	\$	516,624	83,121	253,744	853,489
CHANGE IN NET ASSETS	\$	(647,711)	(59,869)	(35,689)	(743,269)
NET ASSETS- JULY 1, 2007		5,394,209	915,819	6,577,438	12,887,466
NET ASSETS JUNE 30, 2008	\$	4,746,498	855,950	6,541,749	12,144,197

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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 and administered by the Town Council. 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 were \$85,071.

Postemployment Benefits

The Town and Board of Education provide postemployment 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 4 retired police department employees, 1 public works employee and spouse, and 27 Board of Education employees.

For the year ended June 30, 2008, the payments totaled \$120,293. The amount is funded on an annual basis by a General Fund appropriation.

Teachers' Retirement System

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

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.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

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 CGS Sections 10-1831 and 10-183z. For the fiscal year ended June 30, 2008, approximately \$2,139,703 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, 2008 did not contain information, which would show the development of the State's actuarial cost by local districts. The State's appropriation represented 74% of the total estimated payroll.

Participants are required to contribute 7.25% of their annual salary rate to the system as required by CGS Section 10-183b (7). For the 2007/2008 school year, \$209,633 mandatory contributions were deducted from the salaries of teachers who were participants of the plan during that school year. The estimated covered payroll for Sherman is \$2,891,489.

Note 11 – 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.

Settled claims have not exceeded commercial coverage in any of the past three years.

Note 12 – Fund and Budget Balances

Fund Deficits

The Town's Bonded Projects fund showed a fund balance deficit of \$4,022,801 for the year ended June 30, 2008, which is expected to be fully funded through a future general obligation bond.

Prior Period Adjustments

Prior period adjustments in the Government-wide financial statements are as follows:

Government activities

To unrecognized interest receivable on the State department of education loan and record this amount when earned during future years. The principal portion has been properly recognized

	\$	(783,362)
--	----	-----------

Business-type Activities

To record unbilled revenue in the sewer operating account, which represents approximately three months of services provided but not billed by June 30, 2008

		198,846
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Total prior period adjustments	\$	<u>(584,516)</u>
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TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

Note 13 - Subsequent Events

Bond Anticipation Note Issuance

In November 2008, the Town had issued a general obligation bond for \$15,085,000 and a short-term note in anticipation of a general obligation bond for \$16,720,000. The note, totaling \$5,000,000 with is required to be paid in full on November 2009 with interest of 2.5% and the bond will be paid off over a 20 year period with interest of 4.5% to 5.5% interest.

Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2006 that has effective dates that may impact future financial presentations.

The following statement may have a significant impact on the financial statements, depending upon the results of an actuarial study to be undertaken before the effective date.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, issued June 2004, will be effective for the Town beginning with its year ending June 30, 2009. 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.

APPENDIX B - FORM OF OPINION OF BOND COUNSEL – THE BONDS

ROBINSON & COE LLP

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

November _ 2009

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 November 10, 2009 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$8,000,000 Town of North Branford, Connecticut General Obligation Bonds, Issue of 2009, dated November 1, 2009 (the “Bonds”), maturing on November 1 in each of the years, in the principal amounts and bearing interest payable on November 1, 2010 and semiannually thereafter on May 1 and November 1 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2012	\$ 650,000	%
2013	725,000	
2014	925,000	
2015	950,000	
2016	950,000	
2017	950,000	
2018	950,000	
2019	950,000	
2020	950,000	

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 April and October 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.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to affect 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 and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on 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

ROBINSON & COLE LLP

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

November __, 2009

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 November 10, 2009 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$10,420,000 Town of North Branford, Connecticut General Obligation Bond Anticipation Notes, dated November 10, 2009 and maturing November 9, 2010, consisting of Note R-__ in the aggregate principal amount of \$[____], 000, bearing interest at the rate of ____% per annum, [Note R-__ in the aggregate principal amount of \$[____], 000, bearing interest at the rate of ____% per annum, and Note R-__ in the aggregate principal amount of \$[____], 000, bearing interest at the rate of ____% per annum,] with principal and interest payable at maturity (the “Notes”). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to affect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes 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 Notes, 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 Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes 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 Notes in order that interest on the Notes 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 Notes 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 Notes 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 and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, 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 Notes 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 Notes.

The rights of owners of the Notes and the enforceability of the Notes 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 D – FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of North Branford, Connecticut
\$8,000,000 General Obligation Bonds, Issue of 2009
dated November 1, 2009

November __, 2009

WHEREAS, the Town of North Branford, Connecticut (the “Town”) has heretofore authorized the issuance of \$8,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2009, dated November 1, 2009, (the “Bonds”), and to mature on the dates and in the amounts and set forth in the Town’s Official Statement dated October __, 2009 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated October 16, 2009 (the “Notice of Sale”); and

WHEREAS, in the Notice of Sale, 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 to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following events, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (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 or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of security holders;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities; and
- (xi) rating changes.

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 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: _____
Name: Richard V. Branigan
Title: Town Manager

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

APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT – THE NOTES

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of North Branford, Connecticut
\$10,420,000 General Obligation Bond Anticipation Notes
dated November 10, 2009

November __, 2009

WHEREAS, the Town of North Branford, Connecticut (the “Town”) has heretofore authorized the issuance of \$10,420,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated November 10, 2009 (the “Notes”), and to mature on the dates and in the amounts and set forth in the Town’s Official Statement dated October __, 2009 describing the Notes (the “Official Statement”); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated October 16, 2009 (the “Notice of Sale”); and

WHEREAS, in the Notice of Sale the Town has heretofore acknowledged that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Notes 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 Notes 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 Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes 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 Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, 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:

“Listed Events” shall mean any of the events listed in Section 2 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. Event Notices. 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 the occurrence of any of the following events, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (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 or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of security holders;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities; and
- (xi) rating changes.

Section 3. 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 Notes.

Section 4. 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 5. 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 Notes 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 6. 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 providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to disseminate any other information 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 provide such information or notice of the occurrence of such event in the future.

Section 7. Indemnification. The Town agrees 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 8. 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 Notes. 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 Notes of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Notes 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 Notes.

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: _____
Name: Richard V. Branigan
Title: Town Manager

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

APPENDIX F – NOTICE OF SALE – THE BONDS

NOTICE OF SALE

\$8,000,000

**TOWN OF NORTH BRANFORD, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2009**

Sealed proposals and electronic bids (as described herein) will be received by the **TOWN OF NORTH BRANFORD**, Connecticut (the “Town”), until 11:30 A.M. (E.D.T.) Tuesday,

OCTOBER 27, 2009

for the purchase of all, but not less than all, of the \$8,000,000 Town of North Branford, Connecticut General Obligation Bonds, Issue of 2009 (the “Bonds”). Sealed proposals will be received at the Office of the Finance Director, Town Hall, 909 Foxon Road, North Branford, Connecticut 06471. (See “Sealed Proposal Procedures”). Electronic bids must be submitted via **PARITY**®. (See “Electronic Bidding Procedures”).

The Bonds

The Bonds will be dated November 1, 2009, mature \$650,000 on November 1, 2012, \$725,000 on November 1, 2013, \$925,000 on November 1, 2014, and \$950,000 on November 1 in each of the years 2015-2020, both inclusive, bearing interest payable on November 1, 2010 and semiannually thereafter on May 1 and November 1 in each year until maturity, or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated October 16, 2009 (the “Preliminary Official Statement”).

The Bonds maturing on or before November 1, 2014 are not subject to redemption prior to maturity. The Bonds maturing on November 1, 2015 and thereafter, are subject to redemption prior to maturity, at the option of the Town, on and after November 1, 2014, 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 respective prices (expressed as percentages of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
------------------------	-------------------------

November 1, 2014 and thereafter	100%
---------------------------------------	------

Nature of Obligation

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the Town payable, unless paid from other sources, 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.

Bank Qualification

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.

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

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 to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bonds certificates directly to the Beneficial Owners of the Bonds or their nominees.

The winning bidder may request that the Bonds be issued in the form of a fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The winning bidder seeking the issuance of the Bonds in this manner shall bear any and all costs of any re-registration or transfer of Bonds from time to time. Any bidder seeking to have the Bonds issued in the form of a fully registered physical certificate, rather than in book-entry form, shall indicate this preference to the Town at the time of the submission of its bid. The Town reserves the right to decline any request to issue the Bonds in physical form, if it should determine, in its sole discretion, that issuing the Bonds in this manner is not in its best interests.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to the i-Deal LLC BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com.)

For purposes of both the sealed proposal process and the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Town, as described under "Bid Specifications/Basis of Award" below, and in the written form of Proposal for Bonds. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Bonds.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Bonds at the place and time indicated above. Bids must be enclosed in sealed envelopes marked "Proposal for Bonds" and addressed to Mr. Anthony P. Esposito, Jr., Town Treasurer, Town of North Branford, Office of the Finance Director, Town Hall, 909 Foxon Road, North Branford, Connecticut 06471.

Bid Specifications/Basis of Award

Each bid must be for the entire \$8,000,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest will be considered. The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. Unless all bids are rejected or postponed as noted below, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to November 1, 2009, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to November 10, 2009, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on October 27, 2009. The purchase price must be paid in Federal Funds.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations, (iii) 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 (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Bonds, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, in Hartford, Connecticut, and will be available for examination upon request.

Settlement of the Bonds

It shall be the responsibility of the winning bidder to certify to the Town before delivery of the Bonds the prices at which a substantial amount of the Bonds of each maturity were initially offered and sold to the public.

The Bonds will be available for delivery on or about November 10, 2009. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form “deemed final” by the Town for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 100 copies of the final Official Statement prepared for the Bonds at the Town’s expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Town’s financial advisor. If the Town’s financial advisor is provided with the necessary information from the winning bidder by 12:00 pm (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain material events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder’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 for the Bonds.

Related Information

For more information regarding the Bonds and the Town, reference is made to the Preliminary Official Statement. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned, or from Mr. Mark N. Chapman, Independent Bond and Investment Consultants LLC, 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone No. (203) 245-8715.

RICHARD V. BRANIGAN
Town Manager

ANTHONY P. ESPOSITO, JR.
Town Treasurer

October 16, 2009

(See attached for form of Proposal for Bonds)

PROPOSAL FOR BONDS

October 27, 2009

RICHARD V. BRANIGAN, Town Manager
 ANTHONY P. ESPOSITO, JR., Town Treasurer
 Town of North Branford
 Town Hall, c/o Office of the Finance Director
 909 Foxon Road
 North Branford, Connecticut 06471

Gentlemen:

Subject to the provisions of the Notice of Sale dated October 16, 2009, which Notice of Sale is made a part of this proposal, we offer to purchase all \$8,000,000 Town of North Branford, Connecticut General Obligation Bonds, Issue of 2009, comprising the issue described in said Notice of Sale and to pay therefor par and accrued interest to date of delivery, plus a premium of \$_____, provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
November 1, 2012	\$ 650,000	_____ %
November 1, 2013	725,000	_____
November 1, 2014	925,000	_____
November 1, 2015	950,000	_____
November 1, 2016	950,000	_____
November 1, 2017	950,000	_____
November 1, 2018	950,000	_____
November 1, 2019	950,000	_____
November 1, 2020	950,000	_____

.....
 (Name of Bidder)

.....
 (Authorized Signature)

.....
 (Mailing Address)

The following is our computation of the true interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of \$8,000,000 bonds under the foregoing proposal:

Percent True Interest Cost %
 (Four Decimals)

APPENDIX G – NOTICE OF SALE – THE NOTES

NOTICE OF SALE \$10,420,000 TOWN OF NORTH BRANFORD, CONNECTICUT GENERAL OBLIGATION BOND ANTICIPATION NOTES

Sealed proposals and electronic bids (as described herein) will be received by the **TOWN OF NORTH BRANFORD**, Connecticut (the “Town”), until 11:00 A.M. (E.D.T.) Tuesday,

OCTOBER 27, 2009

for the purchase of \$10,420,000 Town of North Branford, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Sealed proposals will be received at the Office of the Finance Director, Town Hall, Town of North Branford, 909 Foxon Road, North Branford, Connecticut 06471. (See “Sealed Proposal Procedures”). Electronic bids must be submitted via **PARITY**®. (See “Electronic Bidding Procedures”).

The Notes

The Notes will be dated November 10, 2009 and will be payable to the registered owner on November 9, 2010, as further described in the Preliminary Official Statement for the Notes dated October 16, 2009 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on a 360-day year, twelve 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/1000 of 1% per annum.

Nature of Obligation

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and interest on the Notes when due. The Notes will be general obligations of the Town payable, unless paid from other sources, 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.

Bank Qualification

The Notes 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 Notes.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder(s), as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Notes. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered Note certificates directly to the Beneficial Owners of the Notes or their nominees.

A winning bidder may request that the Notes be issued in the form of a fully registered physical certificate, rather than in book-entry form through the facilities of DTC. A winning bidder seeking the issuance of the Notes in this manner shall bear any and all costs, including counsel fees, of any re-registration or transfer of the Notes from time to time, including the costs to convert the Notes to book-entry form. Any bidder seeking to have the Notes issued in the form of fully registered physical certificates, rather than in book-entry form, shall indicate this preference to the Town at the time of the submission of its bid. The Town reserves the right to decline any request to issue the Notes in physical form if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. Subscription to the i-Deal LLC BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**[®] shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY**[®], the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com.)

For purposes of both the sealed proposal process and the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the Town, as described under “Bid Specifications/Basis of Award” below, and in the written form of Proposal for Notes. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the form of Proposal for Notes.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Notes at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Notes” and addressed to Mr. Anthony P. Esposito, Jr., Town Treasurer, Town of North Branford, Office of the Finance Director, Town Hall, 909 Foxon Road, North Branford, Connecticut 06471.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must be in the form of the Proposal for Notes attached hereto or, if submitted electronically, in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for not less than \$100,000 aggregate principal amount, or a whole multiple thereof, except that one such proposal for a part may include the odd \$20,000, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected or postponed as noted below, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost (rounded to four decimal places) to the Town, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder all or any part of the Notes bid for in their proposal. If a bidder is awarded only a part of the Notes bid for in their proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four decimal places. The purchase price must be paid in Federal funds.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Closing Documents and Legal Opinion

The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Notes will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut and the winning bidder(s) will be furnished with their opinion without charge. Each winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Notes is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Notes, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement.

Settlement of the Notes

It shall be the responsibility of the winning bidder(s) to certify to the Town before the delivery of the Notes the price or prices at which a substantial amount of the Notes were initially offered and sold to the public.

The Notes will be available for delivery on or about November 10, 2009. The deposit of the Notes with DTC, or its custodian, under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder(s) to obtain CUSIP numbers for the Notes prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder(s) to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder(s).

The Preliminary Official Statement is in a form “deemed final” by the Town for purposes of SEC Rule 15c2-12(b)(1). Each winning bidder will be furnished 15 copies of the final Official Statement prepared for the Notes at the Town’s expense. Additional copies may be obtained by the winning bidder(s) at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder(s) no later than seven business days after the bid opening at the office of the Town’s financial advisor. If the Town’s financial advisor is provided with the necessary information from the winning bidder(s) by 12:00 P.M. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices and the name(s) of the winning bidder(s) for the Notes.

Continuing Disclosure

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide timely notice of the occurrence of certain material events with respect to the Notes. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Related Information

For more information regarding the Notes and the Town, reference is made to the Preliminary Official Statement. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned, or from Mr. Mark N. Chapman, Independent Bond and Investment Consultants LLC, 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone No. (203) 245-8715.

RICHARD V. BRANIGAN
Town Manager

ANTHONY P. ESPOSITO, JR.
Town Treasurer

October 16, 2009

(See attached for form of Proposal for Notes)

PROPOSAL FOR NOTES

October 27, 2009

RICHARD V. BRANIGAN, Town Manager
 ANTHONY P. ESPOSITO, JR., Town Treasurer
 Town of North Branford
 Town Hall, c/o Office of the Finance Director
 909 Foxon Road
 North Branford, Connecticut 06471

Gentlemen:

Subject to the provisions of the Notice of Sale dated October 16, 2009, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$10,420,000 Town of North Branford, Connecticut General Obligation Bond Anticipation Notes, specified below at the stated interest rate (provided not less than \$100,000 aggregate principal amount per interest rate is bid and the total of all principal amounts bid does not exceed \$10,420,000) plus the premium specified below, if any, and to pay therefor par plus the premium specified below, if any, on the date of delivery. We further provide our computation of net interest cost as to each bid, rounded to four decimal places, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal amount _____
 Interest rate _____
 Premium _____
 Net Interest Cost _____ %
 (Four Decimals)

Principal amount _____
 Interest rate _____
 Premium _____
 Net Interest Cost _____ %
 (Four Decimals)

Principal amount _____
 Interest rate _____
 Premium _____
 Net Interest Cost _____ %
 (Four Decimals)

Principal amount _____
 Interest rate _____
 Premium _____
 Net Interest Cost _____ %
 (Four Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of the Notes in Federal funds on the date of delivery of the Notes or as soon thereafter (but not later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the Town.

.....
 (Name of Bidder)

.....
 (Authorized Signature)

.....
 (Mailing Address)

.....
 (Telephone Number)