



July 20, 2011

TO ALL BIDDERS

TOWN OF BRANFORD, CONNECTICUT

\$13,080,000 GENERAL OBLIGATION BONDS, ISSUE OF 2011, SERIES B

BOOK-ENTRY-ONLY

DATED: DATE OF DELIVERY DUE: AUGUST 15, 2012-2026

AND

\$2,975,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

BOOK-ENTRY-ONLY

DATED: AUGUST 18, 2011 DUE: AUGUST 16, 2012

Enclosed is the Town of Branford, Connecticut's Notice of Sale dated July 20, 2011, which allows for sealed bid proposals for the Notes and electronic bidding for both the Bonds and Notes via **PARITY®**. As per the Notice of Sale, bids for the Notes will be received at the office of the Finance Director, Branford Town Hall, 1019 Main Street, Branford, Connecticut 06405, until 11:00 A.M. (E.D.T.),

AND

bids for the Bonds will be received at the office of the Finance Director, Branford Town Hall, 1019 Main Street, Branford, Connecticut 06405, until 11:30 A.M. (E.D.T.) on **TUESDAY**,

JULY 26, 2011

If you have any questions regarding the issue, please note that a representative of **IBIC** will be available on the morning of the sale at the following number:

The telephone number is (Branford): (203) 315-0663

We trust we may be of service.

Independent Bond & Investment Consultants LLC
Member: National Association of Independent Public Finance Advisors

129 Samson Rock Drive, Suite A, Madison, CT 06443 Phone 203.245.8715 Fax 203.245.7763 Email muniibic@aol.com

OFFICIAL STATEMENT

NEW ISSUE

RATING: See "Ratings" herein

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the material accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and Notes is not included in gross income of the owners thereof for purposes of Federal income taxation, and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the Bonds and Notes may be includable in the calculation of certain taxes under the Code, including adjusted current earnings of corporations (as defined for federal income tax purposes) for purposes of computing the alternative minimum tax on corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and Notes is excluded from 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 Appendices B-1 and B-2 "Forms of Opinion of Bond Counsel and Tax Exemption" herein.)

TOWN OF BRANFORD, CONNECTICUT

\$13,080,000

GENERAL OBLIGATION BONDS, ISSUE OF 2011, SERIES B BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: August 15, 2012-2026

Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity, commencing February 15, 2012.

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

The Bonds are being offered for sale in accordance with an official Notice of Sale dated July 20, 2011. Electronic bids via **PARITY**® for the Bonds will be received until 11:30 A.M. (E.D.T.) on Tuesday, July 26, 2011, at the office of the Finance Director, Branford Town Hall, 1019 Main Street, Branford, Connecticut 06405, as described in the Notice of Sale. (See "Appendix D" herein.)

RATING: See "Ratings" herein

\$2,975,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES BOOK-ENTRY-ONLY

Dated: August 18, 2011

Due: August 16, 2012

Interest on the Notes will be payable at maturity.

The Notes are NOT subject to redemption prior to maturity.

The Notes are being offered for sale in accordance with an official Notice of Sale dated July 20, 2011. Sealed proposals and/or electronic bids via **PARITY**® for the Notes will be received until 11:00 A.M. (E.D.T.) on Tuesday, July 26, 2011, at the office of the Director of Finance, Branford Town Hall, 1019 Main Street, Branford, Connecticut 06405, as described in the Notice of Sale. (See "Appendix D" herein.)

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

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

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

The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and Notes in book-entry form will be made to DTC in New York, New York on or about August 18, 2011.

Dated: July 20, 2011

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING OF AN INFORMED INVESTMENT DECISION.

TOWN OF BRANFORD, CONNECTICUT

\$13,080,000

GENERAL OBLIGATION BONDS, ISSUE OF 2011, SERIES B BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: August 15, 2012-2026, as shown below

MATURITY SCHEDULE AND AMOUNTS

Maturity	Amount	Interest Rate	Yield	CUSIP	Maturity	Amount	Interest Rate	Yield	CUSIP
2012	\$ 625,000	%	%	105385***	2020	\$ 925,000	%	%	105385***
2013	625,000			105385***	2021	925,000			105385***
2014	850,000			105385***	2022	925,000			105385***
2015	925,000			105385***	2023	925,000			105385***
2016	925,000			105385***	2024	925,000			105385***
2017	925,000			105385***	2025	925,000			105385***
2018	925,000			105385***	2026	805,000			105385***
2019	925,000			105385***					

TOWN OF BRANFORD, CONNECTICUT

\$2,975,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES BOOK-ENTRY-ONLY

Dated: August 18, 2011

Due: August 16, 2012

<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>
%	%	105385***

No dealer, broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations, other than those contained in this Official Statement or any supplement which may be issued hereto; and if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. 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 Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Bonds or Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. The presentation of information in this Official Statement is intended to show recent historic trends and is not intended to indicate future or continuing trends in financial or other positions of the Issuer. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale of the Bonds or Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the Issuer since the date of the Official Statement.

The information, estimates and expressions of opinion in this Official Statement are subject to change without notice.

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

The Auditors have not provided their written consent to use their Independent Auditor's Report. The Auditors have not been engaged nor performed audit procedures regarding the post audit period nor reviewed the Official Statement.

Bond Counsel is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of the statements made or financial information presented in this Official Statement (other than matters expressly set forth as its opinion in Appendices B-1 and B-2 "Forms of Opinion of Bond Counsel and Tax Exemption" herein) and makes no representation that it has 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.

Independent Bond and Investment Consultants LLC ("IBIC 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. IBIC LLC does not assume responsibility for the sufficiency, accuracy or completeness of the statements made herein and makes no representation that it has independently verified the same.

BOND COUNSEL

JOSEPH FASI LLC

*Joseph P. Fasi, Esq.
Hartford, Connecticut
(860) 296-0510*

INDEPENDENT FINANCIAL ADVISOR

INDEPENDENT BOND AND INVESTMENT
CONSULTANTS LLC (IBIC LLC)

*Madison, Connecticut
(203) 245-7264*

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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 document. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, July 26, 2011, at 11:30 A.M. (E.D.T.).
Location of Sale:	Office of the Finance Director, Branford Town Hall, 1019 Main Street, Branford, Connecticut 06405.
Issuer:	Town of Branford, Connecticut (the "Town").
Issue:	\$13,080,000 General Obligation Bonds (the "Bonds").
Dated Date:	Date of delivery.
Interest Due:	February 15 and August 15 in each year of maturity, commencing February 15, 2012.
Principal Due:	Serially August 15, 2012 - 2026.
Purpose and Authority:	The Bonds are being issued to finance various Town projects undertaken by the Town and authorized by the Representative Town Meeting. (See "Authorization and Use of Proceeds" herein).
Redemption:	The Bonds are subject to redemption prior to maturity, as more fully described herein.
Security:	The Bonds will be general obligations of the Town of Branford, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due. (See "Securities and Remedies" herein).
Credit Rating:	The Town has made applications to Moody's Investors Service, Inc. ("Moody's") and Standard and Poor's ("S&P") for a rating on the Bonds. The Town's outstanding bonds are currently "Aa1" by Moody's and "AAA" by S&P. (See "Ratings" herein).
Basis of Award:	Lowest True Interest Cost ("TIC"), as of the dated date.
Tax Exemption:	See Appendix B-1, "Form of Opinion of Bond Counsel" and "Tax Exemption", herein.
Continuing Disclosure:	See Appendix C-1 to this Official Statement.
Bank Qualification:	The Bonds shall NOT 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.
Certifying Bank Registrar, Transfer and Paying Agent:	U.S. Bank National Association of Hartford, Connecticut.
Legal Opinion:	Joseph Fasi LLC, 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 on or about August 18, 2011, against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to James P. Finch, Jr., Finance Director, 1019 Main Street, Branford, Connecticut 06405 - Telephone (203) 315-0663.

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 document. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, July 26, 2011, at 11:00 A.M. (E.D.T.).
Location of Sale:	Office of the Director of Finance, Branford Town Hall, 1019 Main Street, Branford, Connecticut 06405.
Issuer:	Town of Branford, Connecticut (the "Town").
Issue:	\$2,975,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	August 18, 2011.
Interest Due:	August 16, 2012.
Principal Due:	August 16, 2012.
Purpose and Authority:	The Notes are being issued to finance the Tabor Drive Land Acquisition project undertaken by the Town and authorized by the Representative Town Meeting. (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 of Branford, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Notes when due. (See "Securities and Remedies" herein).
Credit Rating:	The Town has made applications to Moody's Investors Service, Inc. ("Moody's") and Standard and Poor's ("S&P") for a rating on the Notes. The Town's outstanding bonds are currently "Aa1" by Moody's and "AAA" by S&P. (See "Ratings" herein).
Basis of Award:	Lowest Net Interest Cost ("NIC"), as of the dated date.
Tax Exemption:	See Appendix B-2, "Form of Opinion of Bond Counsel and Tax Exemption", herein.
Continuing Disclosure:	See Appendix C-2 to this Official Statement.
Bank Qualification:	The Notes shall NOT 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 of Hartford, Connecticut.
Legal Opinion:	Joseph Fasi LLC, 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 on or about August 18, 2011, against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to James P. Finch, Jr., Finance Director, 1019 Main Street, Branford, Connecticut 06405 - Telephone (203) 315-0663.

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 Branford, Connecticut (the "Town") with assistance from the financial advisor in connection with the issuance and sale of \$13,080,000 General Obligation Bonds, Issue of 2011, Series B (the "Bonds") and \$2,975,000 General Obligation Bond Anticipation Notes (the "Notes").

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 Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and Notes and such proceedings.

The presentation of information in this Official Statement 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.

Additional information concerning the Town may be obtained from contacting the Town's financial advisor, Independent Bond and Investment Consultants, LLC ("IBIC") at 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 or (203) 245-7264

Description of the Bonds

The Bonds will be dated the date of delivery and will mature on the dates and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds will be payable February 15 and August 15 in each year of maturity, commencing February 15, 2012. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months at the rate or rates per annum specified by the winning bidder as listed on the front inside cover of the Official Statement. 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 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 Bank, Transfer and Paying Agent will be U.S. Bank National Association of Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Joseph Fasi LLC, of Hartford, Connecticut. (See Appendix B-1 – "Form of Opinion of Bond Counsel" and "Tax Exemption" herein). The Bonds shall NOT 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 Bonds are subject to redemption prior to maturity as described herein. (See "Optional Redemption" herein.)**

Optional Redemption

The Bonds maturing on or before August 15, 2016 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2017, and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after August 15, 2016, 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 redemption price or prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
August 15, 2016 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 days prior to the date fixed for redemption to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds. 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.

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 some multiple 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 August 18, 2011 and principal and interest will be due at maturity on August 16, 2012. Interest will be calculated on the basis of twelve 30-day months and a 360-day year, at the rate per annum specified by the winning bidder as listed on the front inside cover of the Official Statement. 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 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 Bank, Transfer and Paying Agent will be U.S. Bank National Association of Hartford, Connecticut. The legal opinion on the Notes will be rendered by Joseph Fasi LLC, of Hartford, Connecticut. (See Appendix B-2 – "Form of Opinion of Bond Counsel" and "Tax Exemption" herein). The Notes are being issued for various projects of the Town as described herein under "Authorization and Use of Proceeds". The Notes shall NOT 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 Notes are NOT subject to redemption prior to maturity.**

Authorization and Use of Proceeds

Authorization:

The Bonds and Notes are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town of Branford, and certain bond resolutions adopted by the Representative Town Meeting.

Use of Proceeds: Proceeds of the Bonds and Notes will be used as follows:

Projects	Amount of		The Bonds (<i>This Issue</i>)	The Notes (<i>This Issue</i>)
	Total Authorization	Additions / (Reductions)		
Tabor Drive Land Acquisition	\$ 13,875,000	\$ 2,975,000	\$ -	\$ 2,975,000
Johnson Farm Purchase	580,000	580,000	580,000	-
New Fire Headquarters	12,500,000	12,500,000	12,500,000	-
Total	<u>\$ 26,955,000</u>	<u>\$16,055,000</u>	<u>\$ 13,080,000</u>	<u>\$ 2,975,000</u>

Ratings

The Town has made applications to Moody's Investors Service, Inc. ("Moody's") and Standard and Poor's ("S&P") for a rating on the Bonds and Notes. The Town's outstanding bonds are currently "Aa1" by Moody's and "AAA" by S&P. Such ratings reflect only the views of such rating agencies and any explanation of the significance of such ratings may be obtained from Moody's and S&P at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, and Standard and Poor's Corporation: 55 Water Street, New York, New York 10041. The Town furnished certain information and materials to the rating agencies, some of which may not have been included in this Official Statement. 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.

Security and Remedies

The Bonds and Notes will be general obligations of the Town of Branford, Connecticut and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds and Notes when due.

Unless paid from other sources, the Bonds and Notes are payable from general property tax revenue 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 of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land 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 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 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 or Town property to secure the Bonds and 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 and notes would also be subject to the applicable provisions of Federal bankruptcy laws, as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, heretofore or hereafter enacted by the Congress or Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied and to the exercise of judicial discretion. 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.

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

Qualification for Financial Institutions

The Bonds and Notes shall NOT be designated as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the deduction by financial institutions (as defined by Section 265 (b) of the Code) for interest expense allocable to the Bonds and Notes.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds and Notes. The Bonds and 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 interest rate of the Bonds, in the aggregate principal amount of such interest rate, 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 the Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and 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 confirmations 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 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 Notes, except in the event that use of the book-entry system for the Bonds and 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 DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and 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 Bonds and 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 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 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 Paying Agent, on 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, 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 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 Notes at any time by giving reasonable notice to the Town or 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 Resolution authorizing the Bonds and Notes provides for Town Officials to determine the form of issuance of fully registered certificates, including directly to Beneficial Owners. The Town may issue such certificates directly to Beneficial Owners in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds and Notes, and the Town fails to identify another qualified securities depository for the Bonds and 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 Notes. A Beneficial Owner of the Bonds and Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds and 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 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

Settled in 1644 as part of the New Haven Colony, Branford was named in 1653, and adopted its first charter in 1958, amended most recently in 1991.

The Town's land area is 22 square miles, with more than 20 miles of shoreline along Long Island Sound. Located in the south central part of the state in New Haven County, Branford is approximately 90 miles east of Manhattan and 40 miles south of Hartford, the state capital. It is bound on the north by the Town of North Branford, west by the Town of East Haven, south by Long Island Sound, and east by the Town of Guilford.

Branford is an established, suburban residential community with an extensive commercial, retail and modern industrial base. The 2000 U.S. Census reported the Town's population at 28,683.

The Town supports and encourages a balance of industrial, commercial and residential properties and the Town's Economic Development Commission and Planning and Zoning Commission work together towards that end, and often collaborate with the Branford Chamber of Commerce to continuously improve the Town's business climate.

The Town enjoys four direct points of access to Interstate 95. Route 1 (Boston Post Road) as well as State Routes (SR) 139, 142, and 146 (the latter also holding designation as a State Scenic Roadway) all go through Town. The I-95 junction with I-91 is minutes away in New Haven, less than ten miles from the Town green. Branford's stretch of Interstate 95 has recently been improved as part of the federally funded New Haven Harbor Corridor Project, providing wider lanes, new access ramps, and better lighting, making the Branford area safer for everyone on the highway. Commuter bus service is provided by the Greater New Haven Transit District (through the Connecticut Department of Transportation) and DATTCO, a commercial bus serving shoreline communities east of New Haven and R Link service to North Haven and North Branford via Route 139. An in-town jitney service operating seven days a week is being explored.

For rail transportation, Branford is an easy commute to New Haven on the Shore Line East, which also provides direct connections to Metro North service to Manhattan's Grand Central Station and to Amtrak with its new Acela train with service along the entire northeast corridor.

Air travel is a few minutes away at nearby Tweed-New Haven Regional Airport, or approximately 50 minutes away at Bradley International Airport in Hartford. Additional national and international air service is available through New York's JFK and LaGuardia airports (limo service is available from New Haven), as well as T.F. Green in Providence.

Branford has a diverse economic base, composed of both traditional and high tech manufacturers, a vibrant bioscience community (the Town is host to more biotech jobs than any other single town in the state) and a broad retail component that ranges from big-box to specialty boutiques. Major corporations include, Blakeslee Prestress, CT Hospice, Branford Hills Health Care, Seton Identification Products, Cintas Corporation, Harco Electric, CAS Medical, and 454 Corporation, many of them leaders in their respective fields of bioscience, medical device development, operating manufacturing and research.

Because of Branford's close proximity to New Haven's Yale-New Haven Medical Center and St. Raphael's Hospital, which provide a total of 1,455 licensed beds, the Town has over one hundred fifty area physicians whose efforts are supplemented by the Visiting Nurse Association patient and child care programs. In 1980 Branford became the home of Connecticut Hospice, Inc., the nation's first hospice. The 52 bed inpatient facility treats terminally ill patients and family, as well as providing an 18 town area home care program. Combined the facility employs 156 full time staff. The Town also has a 190 bed skilled nursing facility licensed by the State of Connecticut for Medicaid and Medicare beneficiaries offering in-patient and out-patient rehabilitation services. In addition, there is a 110 unit apartment complex for assisted living licensed by the State of Connecticut, and a 90 apartment congregate living center and retirement home.

Financial institutions in the Town include Capital One Bank, Citizens Bank, The New Alliance Bank, Wells Fargo Bank, Bank of America, People's United Bank, Sovereign Bank, Bank of Southern Connecticut, Guilford Saving Bank and United Shoreline Credit Union, with the recently constructed TD Bank opening a new facility in the center of the Route 1 retail district.

Economic and Community Development

Branford has a diverse economic base, composed of both traditional and high tech manufacturers, a vibrant bioscience community and a broad retail component ranging from big-box to specialty boutiques. The Town's major industry clusters include *manufacturing* with Alcoa Howmet, Blakeslee Prestress, Cintas Corporation, Harco Electric, Seton Identification Products; a *health care* sector with Branford Hills Health Care, CAS Medical, Connecticut Hospice, and St. Raphael's Hospital Orthopedic Center; one of the state's strongest *biotech* communities includes 454 Corporation, the Institutes for Pharmaceutical Discovery ("IPD") and new arrival Forma; along with a diverse *retail* community ranging from WalMart to independently owned and nationally recognize specialty shops, such as "Sound Runner" and "Zane's Cycles". Current expansions are now underway in several business sectors. For example Wilson Arms, a manufacturer of specialty rifle barrels, is constructing a new facility on its existing site to accommodate its recent growth and 454 Corporation, a leader in DNA research in the life science field, has leased an additional 55,000 s/f to meet its expansion needs. In both cases, staffing levels have also expanded.

The Town's economic development office works closely with its resident businesses on issues ranging from expansion efforts to training. Since 2006 the Town has helped Atlantic Wire, Branford Hills Health Care, Harco Electric, and Robinson Tape & Label to access federal funds in order to secure training for their existing workforce, making the employees more efficient and the companies more competitive.

A major project to revitalize the center of Town was completed in the early 1990s. The project included new streets and sidewalks, lighting, public parking lots and streetscape improvements to the Town center. The revitalization was a cooperative effort between private property owners and the Town in which owners agreed to enlarge and improve building façades and the Town agreed to provide infrastructure improvements to benefit all merchants in the designated Town Center. This program has greatly enhanced the central district area, which has further encouraged greater retail trade and business in that part of Town. As a result, the Branford Town center is often used by the Yale's Center for Urban Design and others as a model town center. For the past few years, the Town has revisited that project and is now working with engineers and consultants to build on the success of the revitalization project of twenty years ago and redesign both vehicular and pedestrian traffic flow, improve parking availability, and upgrade lighting and signage.

Today, Branford's green is home to nationally known specialty stores such as "Sound Runner" and restaurants such as "Le Petite Café", acclaimed by the *New York Times* as "excellent". The Town center is home to dozens of specialty shops that are a destination for shoppers throughout the region and reaches into lower Fairfield County and New York's Westchester County. With the initiation of weekly jazz concerts on the green throughout the summer, Branford's Town center continues to enhance its position as a shoreline destination.

Current development plans for the Town center include a new 120-unit apartment complex located one block from the green and an easy walk to the Blackstone Library, Post Office, and the Main Street shops and restaurants. With groundbreaking expected sometime in the next few months, this new residential complex will be at market rates and designed for residents 55 years and older, meeting Branford's expressed wish to make the Town center a place to live, shop and work.

In December 2008, the Town finished a two year effort to update its decennial comprehensive Plan of Conservation and Development ("POCD"), which among other things will provide for improved utilization of underdeveloped land in Town and will encourage redevelopment in high traffic commercial areas, particularly along the Route 1 corridor. Simultaneous to the POCD, the Town also established a strategic planning committee, the "Vision Group", to look beyond the ten year span of the POCD and to address issues on a broader basis than required. An integral part of this effort was the Economic Development Commission's ("ECD") work on its first ever "action plan". With this report providing the basis for the business development section of the POCD, the EDC has begun work on a targeted business study intended to identify which types of business will best fit into the various existing commercial zones, emphasizing those areas near Branford's four interchanges on I-95, as well near the Town's new train station.

The train station, after operating for less than three years, is about to undergo an expansion of its own. Work is underway by DOT to double the size of the parking lot and to build a new drop-off/pick-up site for commuters. This DOT work is in addition to three highway projects currently underway to improve Route 1 in Branford at major intersections. Scheduled for completion this fall, each newly constructed intersection will include new turn lanes, installation of sidewalks, and improved signage and signals.

The Town is also close to completion of its long-range waste water treatment project to upgrade its pump stations and reline its sewer lines throughout Town. Branford's award winning waste water treatment plant is expected to generate a revenue stream to the Town this year of more than \$125,000 as a result of its participation in the state's nitrogen exchange program.

Form of Government

Branford is administered by a First Selectman, who acts as the Chief Executive Officer, a Board of Selectmen, a Representative Town Meeting ("RTM"), and a six member Board of Finance that constitute the Selectmen/Board of Finance/RTM form of government.

General Town elections are held on the first Tuesday after the first Monday in November of each odd numbered year to elect the Board of Selectmen, Town Treasurer, Tax Collector, Town Clerk, and members of the RTM. Their terms of office are for two years.

The Board of Finance consists of six members who are appointed by the Board of Selectmen. No more than three can be members of the same political party.

The RTM is made up of thirty elected members representing five voting districts. The members of the RTM choose one of their members to be Moderator of the RTM, who presides over all its meetings.

The legislative power of the Town is vested exclusively in the RTM, except as otherwise provided for by the electors. The RTM has the power to enact, amend, or repeal ordinances not inconsistent with the Charter or the General Statutes of the State. The electors have the power to approve or reject an ordinance by referendum, as provided in the Charter. The Board of Finance prepares the annual budget for recommendation to the RTM and sets the mill rate, as prescribed by Town Charter.

Municipal Officials

	<u>Selection</u>	<u>Term Expires</u>	<u>Years of Service</u>
Anthony J. DaRos - First Selectman	Elected	11/11	3.5 (1)
Francis W. Walsh, Jr. - Selectman	Elected	11/11	3.5 (2)
John E. Opie - Selectman	Elected	11/11	3.5 (3)
Marianne Kelly - Town Clerk	Elected	01/12	5.5
Joanne Cleary - Tax Collector	Elected	11/11	5.5
Peter A. Banca - Treasurer	Elected	11/11	5.5
William H. Clendenen, Jr. - Town Attorney	Appointed	Indefinite	3.5
Joseph Mooney - Board of Finance Chairman	Appointed	7/13	19.0
Barbara Neal - Assessor	Appointed	Indefinite	10.0
Hamlet M. Hernandez - Superintendent of Schools	Appointed	Indefinite	Less than 1 year (4)
James P. Finch, Jr. - Finance Director	Appointed	Indefinite	13.0
Blum, Shapiro & Company, PC - Independent Auditors	Appointed	Indefinite	15.0
Independent Bond and Investment Consultants LLC - Financial Advisors	Appointed	Indefinite	16.0

(1) Anthony J. DaRos has 6 years of previous experience as First Selectman from November 1997 to November 2003.

(2) Francis W. Walsh, Jr. has 6 years of previous experience as a Selectman from November 1997 to November 2003.

(3) John E. Opie has 4 years of previous experience as both the First Selectman and a Selectman from November 2003 to November 2007.

(4) Hamlet M. Hernandez was appointed superintendent of schools in July 2010.

Source: Town of Branford.

Summary of Municipal Services

Police: The Branford Connecticut Police Department, organized in 1929, provides police services to the community. Branford has a land area of about 22 square miles and a population of approximately 30,000 residents and is the largest town on the shoreline between New Haven and New London, Connecticut. The police department responds to approximately 25,000 calls for service per year. Branford is one of only 5 municipalities in the state which is authorized to operate a satellite police academy.

The police department is directed by the Chief and is overseen by a 6 member bipartisan volunteer, civilian police commission. The Police Department utilizes sophisticated computer aided dispatch and crime analysis systems along with the latest advances in mobile computing to provide exemplary community and predictive policing services to the town. By using predictive analytics to support its crime prevention operations, the department has been able to deliver an 80% reduction in traffic wrecks and a 25% reduction in the crime rate during the last 18 months. The department was one of the first agencies in the state to participate fully in U.S. Department of Justice National Incident Based Reporting System ("NIBRS"). The police department is the public safety answering point ("PSAP") for the municipality and houses a fully computerized enhanced emergency 911 public safety communications center. The central communications division serves as a co-located call for service and dispatch center for all town emergency agencies.

In addition to its excellent patrol division, the department also fields a detective unit for major investigations, domestic violence counseling services, and youth officers, a marine division to provide services to Branford's waterways, and a police canine program. The Branford Police Department is staffed by 60 State of Connecticut POST certified police officers, 10 dispatchers, 6 community service officers and 16 additional civilian support personnel including a crime analyst.

The department is one of only sixteen Connecticut departments to be nationally accredited by the Commission on Accreditation for Law Enforcement Agencies ("CALEA") and subscribes to the highest standards of professionalism in American policing. In addition to CALEA the Branford Police Department is also accredited by The State of Connecticut Police Officer Standards and Training Commission.

Fire: Fire protection is provided by thirty five full-time firefighters, one full-time Fire Chief, one Assistant Chief/Fire Marshall, one Training Captain, four Deputy Fire Chiefs and four Captains. The department provides 24 hour service that includes paramedic service. There are six volunteer fire companies that are staffed 24 hours a day with fifty volunteers, with two volunteer Assistant Chiefs and one volunteer Deputy Chief. All company dispatchers are accessible through the E911 system administered by the Police Department. The department has six pumpers, one ladder truck, one rescue vehicle, one emergency van, and two brush trucks, two fireboats and four ambulances. Dispatchers are accessible through E911 system administered jointly by the police department and fire department. The department recently received a \$225,000 Homeland Security Grant for a new fire boat. The Department utilizes state-of-the-art fire apparatus and equipment staffed by highly trained and motivated personnel. A new Fire Headquarters facility is currently under construction and is expected to be completed in the summer of 2012. The 34,000 square foot LEED certified building will provide the department with improved living quarters, administrative areas, apparatus storage and training facilities.

Public Works and Engineering: The Public Works Department provides the Town with the professional and technical service oriented activities which are necessary to operate and service the community. The Public Works Department maintains over one hundred miles of roads in Town. Substantial major public improvements of an ongoing nature are provided by the Public Works Department. The Public Works Department is also responsible for a paving and road repair program in which approximately five miles of road are serviced annually through general fund appropriations. The Public Works Department also administers the sidewalk replacement program, maintaining over 25 miles of sidewalks. Snow and ice removal on all public and private roads are the responsibility of the Public Works Department. The Public Works Department also services and maintains the storm water systems throughout the Town. The Tree Warden is also located within the Public Works Department and administers all tree planting and maintenance on public land.

Water Pollution Control Authority: The Water Pollution Control Authority (the "Authority") oversees sanitary sewer operations in Town including the renovation and installation of sanitary facilities to new and older developments in Town. The Authority has the power to enact user charges and assessment fees to owners benefiting from the system.

The sanitary sewage system, constructed in 1961, consists of a sewage treatment facility, an interceptor line and laterals serving the central business district and surrounding areas. The system serves approximately 90% of the existing commercial and industrial areas of Town and almost 85% of the residences, including all apartments and condominiums. The plant capacity is 4.5 million gallons per day with current flow at approximately 4.1 million gallons per day. The Town also provides service to a portion of North Branford. All areas along Branford's shoreline have sewers with the exception of the Stony Creek - Thimble Island areas, which have strict sanitary sewer requirements approved by the Town and the State Department of Environmental Protection. The Town's new facility was completed in 2002. In 2003, Branford's water treatment plant was one of five such facilities in the country to receive the National Resource Defense Council "Beach Buddy" award in recognition of its efforts and success in improving the quality of the waste water being discharged in to public waterways.

Parks and Recreation: The Branford Recreation Department provides and maintains Sliney School Park, Parker Memorial Park, Foote Park, Supply Pond Park, Pisgah Brook, and Young's Pond Park. There are approximately 4,141 acres, or approximately 28% of total Town land, that is dedicated as open space for its residents, consisting of approximately 1,800 acres of Town-owned land, 1,000 acres of water authority land, 870 acres of land trust property, one parcel for wildlife reserve and a 20 mile trail system around the Town. In total, the Town has ten parks, four tennis facilities one pool and two public beaches. The Town sponsors special events, provides programs for special interest groups of all ages, assists community groups in planning recreational activities, conducts workshops, clinics, special playgrounds and camps during the summer, provides lifeguards and beach constables for the waterfront facilities, and offers a wide variety of programs such as softball, tennis, aerobics fitness, indoor and outdoor volleyball, basketball, skiing and after-school programs for youngsters. There are four yacht clubs and fifteen marinas in Branford providing moorings for approximately one thousand boats. With the completion of a new regional YMCA facility in Branford, the Town will have two new swimming pools for residents to use.

Solid Waste: The Town owns and operates a transfer station and recycling center, which accepts almost any material generated in Branford from residents, haulers, and small businesses, for disposal or recycling at out-of-town facilities.

Hazardous wastes and large quantities of construction/demolition materials are not accepted. The Town is a member of the Bristol Resource Recovery Facility Operating Committee. Municipal solid waste is transported to that facility as part of a long-term contract, as described below.

The Town has a contract with the Bristol Resource Recovery Facility waste to energy plant (the "Facility") for the disposal of municipal solid waste, pursuant to which it pays a tipping fee of \$64.50 per ton on a minimum required 12,950 tons for fiscal year 2011-12.

Under an Inter-Community Agreement dated August 15, 1985 (the "Inter-Community Agreement"), eleven Connecticut municipalities (the City of Bristol, the Town of Berlin, the Town of Burlington, the City of New Britain, the Town of Plainville, the Town of Plymouth, the Town of Prospect, the Town of Southington, the Town of Washington, the Town of Wolcott and the Town of Warren) formed an Operating Committee, the Bristol Resource Recovery Facility Operating Committee (the "BRRFOC"), authorized by statute to exercise certain rights on the communities' (the "Contracting Communities") behalf in dealing with the Facility. Subsequent to the execution of the Inter-Community Agreement, the Town and the Towns of Seymour and Hartland also became Contracting Communities. The BRRFOC governing board consists of town officials appointed by each of the Contracting Communities and assumes all management decisions for BRRFOC.

Covanta Bristol, Inc. (formerly Ogden-Martin Systems of Bristol, Inc.) (the "Company") operates the Facility, a 650-ton per day mass burn solid waste disposal, electric power generation and resource recovery facility at 170 Enterprise Drive in Bristol, Connecticut. The Company is a subsidiary of Covanta Energy Corporation, a Delaware Corporation ("Covanta"). The Company was formed in 1984 for the purpose of owning, designing, constructing, and operating the Facility for the processing and disposing of certain solid waste ("Acceptable Waste") from each of the Contracting Communities.

The project was funded from the proceeds of the Connecticut Development Authority's (the "Authority") \$73,520,000 Series 1985 Bonds loaned to the Company by the Authority. On May 15, 1995, BRRFOC issued \$68,040,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 5.20% to 6.50% to current refund \$66,835,000 of outstanding special obligation bonds of the Authority.

All required federal and state permits for construction of the Facility were granted prior to the issuance of the Series 1985 Bonds. Commercial operations began in April of 1988.

Under the Service Agreement, the Company has obligated itself to accept and dispose of, using the Facility and Alternate Disposal Methods, in each contract year at least (1) 200,000 tons per year of Acceptable Waste, (2) the sum of the billing Period Acceptance Guarantees for a Contract Year, and (3) the sum of the Tons delivered during the Contract Year and Acceptable Waste that would have been Waste but for its rejection by the Company or the Service Agreement sum of the yearly Adjusted Guarantee Facility Capacity and the amount of landfill capacity for such Contract Year. Additionally, the Company has obligated itself to operate and maintain the Facility throughout the term of the Service Agreement for a service fee paid by the Contracting Communities through BRRFOC. The Contracting Communities have agreed to use their best efforts to cause to be delivered to the Facility all Acceptable Waste generated within their boundaries up to the Annual Guaranteed Capacity of the Facility and in any event, to deliver, or cause to be delivered, to the Facility, not less than 153,300 tons of Acceptable Waste in each Contract Year. The Company and the Contracting Communities have each agreed to seek additional Acceptable Waste up to the capacity of the Facility. In the event that for any reason such additional Acceptable Waste is not available, each Contracting Community is nevertheless obligated to pay its respective portion of the Service Fee, which is currently \$64.50 per ton for the fiscal year ending June 30, 2012.

Waste disposal by the Company is to be provided through the operation of the Facility or by any other Alternate Disposal Method reasonably acceptable to the Contracting Communities, including permitted sanitary landfills. The Service Fee payable by each contracting Community for such waste disposal service is its pro-rata share, based on its respective tonnage deliveries of Acceptable Waste, of the sum for each monthly billing portion of (1) an amount equal to debt service on the BRRFOC Solid Waste Revenue Refunding Series 1995 Bonds; (2) the Operation and Maintenance Expense; (3) pass-through costs, including certain taxes, insurance, and utility costs, less a credit equal to 90% of all energy revenues and with an adjustment with respect to recovered ferrous metals; and (4) certain incentive payments. The Town is committed to deliver 12,950 tons of Acceptable Waste for fiscal year 2011-12.

If the Facility is temporarily or permanently shut down and partially or completely unable to receive and process Acceptable Waste, the Company is obligated to provide waste disposal services by alternate disposal methods. In such circumstances, the Energy Credit and the Recovered Materials Adjustment will decrease.

The Company is obligated under the Service Agreement to seek to mitigate the effect of any shutdown, and the Operation and Maintenance Expense is to be adjusted to the extent the Facility is unable to receive and process Acceptable Waste, to reflect the Company's actual direct costs of alternate disposal.

For as long as the Service Agreement remains in effect, the Contracting Communities are obligated to pay the Service Fee to the Company whether or not the Contracting Communities deliver Acceptable Waste to the Facility and whether or not the Company disposes of such Acceptable Waste through the Facility. This obligation is absolute and unconditional, it is not subject to any rights of set-off, recoupment or counterclaim any Contracting Community may have against the Company, the Bond Indenture Trustee or any other person, and may not be suspended or discontinued for any purpose. In the event of a payment default under the Service Agreement by any one or more of the Contracting Communities, the non-defaulting Contracting Communities are jointly and severally liable to pay such defaulted amount. Each of the Contracting Communities pledges its full faith and credit to, and is obligated to appropriate, levy taxes, or otherwise raise the funds necessary for the payment in full of all amounts at any given time due from such Contracting Community under the Project Agreement or the Service Agreement to the complete satisfaction of all obligations of such Contracting Community under such agreements.

The Contracting Communities' obligation to pay the Service Fee ceases if the Service Agreement is terminated. If the Service Agreement is terminated due to a default by the Contracting Community, the non-terminating Contracting Communities are obligated to pay amounts sufficient to decrease the Bonds or pay amounts sufficient to make timely payments of principal and interest on the Bonds. If the Service Agreement is terminated due to a default by the Company, the Company is generally obligated to defease the Bonds or continue to make timely payments of principal and interest on the Bonds. If the Company does not perform its obligation under the Service Agreement and Covanta fails to perform such obligations pursuant to the Guaranty Agreement referred to below, the Contracting Communities have certain rights to terminate the Service Agreement and upon termination would be no longer obligated to pay the Service Fee.

The Company provides specific performance to the Contracting Communities under the Project Agreement and the Service Agreement. These include an Annual Acceptance Guarantee and an Energy Efficiency Guarantee of a minimum of 490-kilowatt hours of electricity net of in-plant use per ton of reference composition Acceptable Waste. Specific liquidated damages are payable for failure to meet performance guarantees.

Covanta guarantees the performance of all the obligations of the Company under the Project Agreement and the Service Agreement, including its obligation upon default, pursuant to a guarantee dated as of August 1, 1985 (the "Guaranty Agreement"). The obligations of Covanta under the Guaranty Agreement are absolute and unconditional.

The Town also operates a leaf compost site, and owns and manages a bulky waste landfill which accepts small quantities of demolition debris and land clearing debris through the transfer station; and cover materials, including clean and contaminated soils from the region. The Town provides collection of garbage and recyclables for single family homes through a private hauler. Rebates toward garbage and recycling collection costs are provided for condominium associations.

Library: The Town has two libraries available for use by its citizens: The Willoughby Wallace Memorial Library, which is fully funded and operated by the Town, and the James Blackstone Memorial Library, which is partially funded by the Town and is governed by a private Board of Trustees, as established by a Special Act of the Connecticut General Assembly. Both facilities are staffed by full and part-time professional staff, and include over 100,000 volumes for public use. Extensive use is made of computer data retrieval technologies, including CD-ROMS and Internet access. Both libraries are members of the LION a consortium of 25 libraries throughout the state that share an operating system using a common database for circulation and cataloguing services. In addition both libraries provide a variety of cultural events and programs for patrons of all ages.

Planning and Zoning Commission: The Town has a combined Planning and Zoning Commission, which processes approximately 100 zoning and subdivision applications each year. In 2008, the Commission completed a 10-year update of the Branford Plan of Conservation and Development and is currently nearing completion of a comprehensive update of both the subdivision and zoning regulations. The Planning and Zoning Department, in addition to providing staff support to the Planning and Zoning Commission, coordinates with other departments, boards and commissions to carry out various planning studies, such as the Targeted Industry Study and the Town Green Study. The Department also administers the Small Cities grant program, which has garnered over four million dollars for Branford projects over a period of fifteen years.

Water: The South Central Connecticut Regional Water Authority provides water services to the Town of Branford and the New Haven region. Under the legislation creating the Authority, the Authority is required to pay the Town an annual payment in lieu of taxes ("PILOT") for Water Authority property within the Town boundaries. The assessed value of the Authority's property in Branford is \$9,903,501 on the Grand List of 10/01/10, generating a PILOT payment of \$240,358 for fiscal year 2011-12.

Electric: The Town is served by the Connecticut Light and Power Company, a publicly owned utility, and a subsidiary of Northeast Utilities.

Counseling Center: Branford operates a municipal mental health agency licensed by the Connecticut Department of Public Health. It is an approved Substance Abuse Facility and serves as the Town's Youth Service Bureau. The agency is also a licensed psychiatric outpatient and substance abuse facility for adults and children. Services are provided by Master's level clinicians and by psychiatrists. The Center is a Medicare and Medicaid provider and accepts most commercial health plans.

Educational System

An elected nine member Board of Education is responsible for the operation of the six Branford Public Schools. The Town of Branford Public School system provides comprehensive educational programs to students in grades pre-kindergarten through grade twelve. It also provides a wide range of adult education courses as part of a regional collaboration to numerous and varied segments of the community.

The grade structure of the public school system is pre-kindergarten; kindergarten through grade 4; grades 5 through 8 (intermediate school); and grades 9 through 12 for high school. A complete program of basic skills is offered to all students. The public schools also offer comprehensive special education services. In addition, there is a wide variety of extracurricular activities including sports.

Educational Facilities

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Additions, Remodeling)</u>	<u>No. of Classrooms</u>	<u>October 1, 2010 Enrollment</u>	<u>Capacity</u>
Indian Neck	EYP (1)	1950	8	53	200
Mary T. Murphy	K-4 (2)	1960 (1991)	24	431	500
Mary R. Tisko	K-4	1960 (1991)	24	426	500
John B. Sliney	K-4	1928 (1979)	19	368	500
Branford Intermediate	5-8	1972	74 (3)	1,040	1,500
Branford High School	9-12	1958 (1964,70,82,95,99)	88	1,098	1,400
Totals (4)			<u>237</u>	<u>3,416</u>	<u>4,600</u>

- (1) Early Years Program (EYP), Family Resource Center, and School-Age Child Care Program.
- (2) Mary T. Murphy School PreK (29) included in total enrollment; total PreK is 82 (53+29).
- (3) This school is an open-plan facility. The number of classrooms listed is a conversion from the open-plan to the approximate number of teaching stations.
- (4) Includes Pre-kindergarten students and special education; does not include tuition and non-graded students.

Source: Central Administration - Branford Board of Education.

School Enrollment History and Projections

<u>Enrollment History</u>				
<u>As of October 1</u>	<u>PK-4</u>	<u>5-8</u>	<u>9-12</u>	<u>Total (1)</u>
2001-02	1,469	1,190	1,136	3,795
2002-03	1,372	1,202	1,199	3,773
2003-04	1,347	1,157	1,173	3,677
2004-05	1,327	1,105	1,176	3,608
2005-06	1,314	1,124	1,178	3,616
2006-07	1,294	1,097	1,201	3,592
2007-08	1,249	1,082	1,146	3,477
2008-09	1,285	1,083	1,111	3,479
2009-10	1,280	1,113	1,109	3,502
2010-11	1,278	1,040	1,098	3,416

<u>Projected Enrollment</u>				
2011-12	1,282	1,019	1,073	3,374

- (1) Includes Pre-kindergarten students and special education; does not include tuition and non-graded students.

Source: Branford Board of Education and State of Connecticut Department of Education.

Municipal Employment (1)

<u>Fiscal</u> <u>Year</u>	<u>General</u> <u>Government</u>	<u>Board of</u> <u>Education</u>	<u>Total</u>
2003	193	504	697
2004	199	505	704
2005	204	507	711
2006	211	507	718
2007	213	530	743
2008	216	525	741
2009	215	536	751
2010	216	514	730
2011	218	514	732
2012	218	499	717

(1) All employee figures listed are full time equivalents ("FTEs").

Source: Town Officials

Municipal Employment by Category (1)

<u>Department</u>	<u>Employees</u>
<u>General Government Employees</u>	
General government	38
Public safety	105
Public works	44
Health & welfare	22
Recreation	7
Libraries	<u>2</u>
Total General Government	<u>218</u>
<u>Board of Education Employees</u>	
Administration and Principals	18
Teachers	291
Other	<u>190</u>
Total Board of Education	<u>499</u>
Total Town Employees	<u>717</u>

(1) All employee figures listed are full time equivalents ("FTEs").

Source: Town Officials.

Municipal Employees Bargaining Organizations (1)

<u>Employees</u>	<u>Organization</u>	<u>Number Of Employees</u>	<u>Contract Expiration Date</u>
<u>General Government</u>			
Dispatchers	Connecticut Organization for Public Safety	10	6/30/13
Municipal	United Public Services Employees Union	23	6/30/12
Police Department	United Public Services Employees Union	49	6/30/13
Fire Department	United Public Services Employees Union	33	6/30/12
Recreation & Custodian	United Public Services Employees Union	8	6/30/12
Public Works	United Public Services Employees Union	21	6/30/12
Treatment plant	United Public Service Union Local # 424, Unit #5	<u>12</u>	6/30/13
	Total Organized	156	
	Non-Unionized	<u>62</u>	
	Sub-total General Government	<u>218</u>	
<u>Board of Education</u>			
Support Staff	Branford Association of Support Staff (2)	41	6/30/13
Administrators	Branford Administrators Organization	12	6/30/13
Certified Teachers	Branford Education Association	291	6/30/12
Nurses	AFSCME AFL-CIO # 4 Local 1303-365	9	6/30/11 (3)
Custodians	AFSCME AFL-CIO # 4 Local 1303	<u>32</u>	6/30/13
	Total Organized	385	
	Non-Unionized	<u>114</u>	
	Sub-total Board of Education	<u>499</u>	
Total Town Employees		<u>717</u>	

(1) All employee figures listed are full time equivalents ("FTEs").

(2) New bargaining organization contract in negotiations.

(3) In negotiations.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide 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 municipality 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 of the parties. 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 capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for 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 the 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 Branford</u>	<u>New Haven County</u>	<u>State of Connecticut</u>
1960	16,610	660,315	2,535,234
1970	20,444	744,948	3,032,217
1980	23,363	761,337	3,107,576
1990	27,603	804,219	3,287,116
2000	28,683	824,008	3,405,565
2009	29,014	848,006	3,518,288

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

Age Characteristics of Population

	<u>Town of Branford</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 years of age	1,561	5.4	223,344	6.6
5-19 years of age	4,815	16.8	702,358	20.6
20-34 years of age	4,722	16.5	639,211	18.8
35-64 years of age	12,742	44.4	1,370,469	40.2
Over 65 years of age	4,843	16.9	470,183	13.8
Total	<u>28,683</u>	<u>100.0</u>	<u>3,405,565</u>	<u>100.0</u>

Source: U.S. Department of Commerce, Bureau of 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 Branford	\$51,710	\$69,510	\$22,642	\$32,301
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 Census.

Income Distribution

	<u>Town of Branford</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ 0 to 9,999	168	2.2	33,423	3.8
10,000 to 14,999	140	1.8	23,593	2.7
15,000 to 24,999	468	6.0	63,262	7.1
25,000 to 34,999	559	7.2	75,413	8.5
35,000 to 49,999	968	12.5	120,134	13.6
50,000 to 74,999	1,910	24.6	198,924	22.5
75,000 to 99,999	1,544	19.9	141,981	16.0
100,000 to 149,999	1,190	15.4	132,177	14.9
150,000 to 199,999	401	5.2	42,472	4.8
200,000 or more	402	5.2	54,368	6.1
	<u>7,750</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 Branford</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	584	2.8	132,917	5.8
9th to 12th grade	1,414	6.6	234,739	10.2
High School graduate	5,622	26.4	653,300	28.5
Some college, no degree	4,177	19.6	402,741	17.5
Associates degree	1,255	5.9	150,926	6.6
Bachelor's degree	4,115	19.3	416,751	18.2
Graduate or professional degree	<u>4,131</u>	<u>19.4</u>	<u>304,243</u>	<u>13.2</u>
Total	<u>21,298</u>	<u>100.0</u>	<u>2,295,617</u>	<u>100.0</u>
Percentage of High School Graduates		90.6%		84.0%
Percentage of College Graduates or Higher		38.7%		31.4%

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

Employment by Industry

	<u>Town of 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	-0-	0.0	1,101	0.3	7,445	0.5
Construction	907	5.7	21,826	5.5	99,913	6.0
Manufacturing	1,805	11.4	63,053	15.9	246,607	14.8
Wholesale trade	435	2.7	13,552	3.4	53,231	3.2
Retail trade	1,906	12.0	44,983	11.3	185,633	11.2
Transportation & warehousing, and utilities	597	3.8	16,707	4.2	64,662	3.9
Information	660	4.2	14,357	3.6	55,202	3.3
Finance, insurance, real estate	994	6.3	26,787	6.8	163,568	9.8
Professional, scientific, management, administrative, and waste management services	1,631	10.3	34,946	8.8	168,334	10.1
Educational, health & social services	4,411	27.9	101,733	25.7	366,568	22.0
Arts, entertainment, recreation, accommodation and food services	996	6.3	23,247	5.9	111,424	6.7
Other professional services	924	5.8	17,887	4.5	74,499	4.5
Public Administration	<u>554</u>	<u>3.5</u>	<u>16,147</u>	<u>4.1</u>	<u>67,354</u>	<u>4.0</u>
TOTAL	<u>15,820</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>
Town of Branford	Municipal government	717
Connecticut Hospice	Hospice	365
Branford Hills Health Care	Health Care	285
454 Corporation	Boiscience	265
Wal-Mart	Retail store	260
Blakeslee Prestress	Manufacturing	250
Stop & Shop	Retail food	190
Cintas	Service	182
Harco Labs	Environmental	180
Seton Name Plate	Manufacturing	178
Kohls	Retail store	163
A&P Foodmart	Retail food	157
CAS Medical	Manufacturing	139
Turbine Components	Manufacturing	95

Source: Town of Branford.

Unemployment Rate Statistics

<u>Yearly Average</u>	<u>Town of Branford %</u>	<u>New Haven Labor Market (1) %</u>	<u>State of Connecticut %</u>	<u>United States %</u>
2001	2.8	3.2	3.3	4.8
2002	3.3	4.1	4.3	5.8
2003	4.1	4.9	5.5	5.8
2004	4.0	4.8	4.7	5.5
2005	4.0	5.0	4.9	5.1
2006	3.4	4.5	4.3	4.6
2007	3.9	4.8	4.5	4.6
2008	4.9	5.9	5.7	5.8
2009	6.6	7.9	8.0	9.3
2010	7.5	9.2	9.0	9.6
2011 Monthly				
January	7.9	10.0	9.6	9.8
February	8.2	9.8	9.6	9.5
March	7.7	9.6	9.3	9.2
April	7.7	9.3	8.9	8.7
May	7.7	9.5	9.1	8.7

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

Number and Value of Building Permits

Calendar Year	Single & Two Family		Commercial/Industrial		Other Construction		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2011 (1)	7	\$ 1,905,523	1	\$ 5,627,700 (2)	619	\$ 7,517,346	627	\$ 15,050,569
2010	26	7,934,257	4	2,572,680	2,010	24,639,616	2,040	35,146,553
2009	18	4,631,841	7	8,304,557	1,549	32,845,696	1,574	45,782,094
2008	28	7,659,751	9	5,083,408	1,707	26,258,421	1,744	39,001,580
2007	32	8,148,850	1	395,000	2,200	29,575,357	2,233	38,119,207
2006	27	6,788,268	8	4,330,707	3,344	47,222,737	3,379	58,341,712
2005	49	16,198,695	12	10,000,856	2,985	19,825,987	3,046	46,025,538
2004	46	12,174,394	13	6,366,431	3,383	19,967,339	3,442	38,508,164
2003	37	9,736,610	5	2,078,852	3,180	16,749,472	3,222	28,564,934
2002	59	12,534,050	10	2,765,816	3,497	17,724,942	3,566	33,024,808
2001	42	8,826,600	3	295,000	4,268	19,623,093	4,313	28,744,693

(1) As of May 31, 2011.

(2) Includes New Firehouse Project.

Source: Building Department, Town of Branford.

Characteristics of Housing Units

Sales Price Category	Town of Branford		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000	49	0.7	5,996	0.8
50,000 to 99,999	592	8.7	85,221	11.7
100,000 to 149,999	1,514	22.3	212,010	29.1
150,000 to 199,999	1,750	25.7	156,397	21.5
200,000 to 299,999	1,750	25.7	137,499	18.9
300,000 to 499,999	806	11.9	79,047	10.9
500,000 to 999,999	284	4.2	38,168	5.2
1,000,000 and over	52	0.8	13,906	1.9
Total	<u>6,797</u>	<u>100.0</u>	<u>728,244</u>	<u>100.0</u>

Median Value \$184,400

\$166,900

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

Age Distribution of Housing

Year Built	Town of Branford		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier	2,929	22.0	308,896	22.3
1940 - 1959	2,438	18.3	359,042	25.9
1960 - 1969	1,682	12.6	212,176	15.3
1970 - 1979	2,315	17.4	203,377	14.7
1980 - 1989	2,919	21.9	183,405	13.2
1990 - 1994	610	4.6	56,058	4.0
1995 - 1998	282	2.1	47,028	3.4
1999 - March 2000	167	1.3	15,993	1.2
Total Housing	<u>13,342</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.

SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of August 18, 2011 (Pro Forma)

Total Receipts for fiscal year ended June 30, 2010 (including interest and lien fees)	\$ 78,398,000
Coterminous Municipalities (1)	1,237,000
State Reimbursement for Revenue Loss on: Tax Relief for Elderly	12,000
Base for Establishing Debt Limit (Thousands)	<u>\$ 79,647,000</u>

Debt Limit (2)

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base)	\$ 179,205,750					
(4.50 times base)		\$ 358,411,500				
(3.75 times base)			\$ 298,676,250			
(3.25 times base)				\$ 258,852,750		
(3.00 times base)					\$ 238,941,000	
(7.00 times base)						\$ 557,529,000

Indebtedness (Including the Bonds and Notes)

Bonds Payable (3)	\$ 16,281,000	\$ 8,927,000	\$ 2,672,000	\$ -	\$ -	\$ 27,880,000
The Bonds (<i>This Issue</i>)	13,080,000	-	-	-	-	13,080,000
The Notes (<i>This Issue</i>)	2,975,000	-	-	-	-	2,975,000
State of Connecticut Clean Water Fund Project Loan Obligation ("PLO") (4)	-	-	19,307,803	-	-	19,307,803
Authorized but Unissued Debt	1,916,125	385,103	-	-	-	2,301,228
Total Indebtedness	34,252,125	9,312,103	21,979,803	-	-	65,544,031
Less:						
Sewer assessments receivable (5)	-	-	(756,655)	-	-	(756,655)
School grants receivable (6)	-	(2,482,251)	-	-	-	(2,482,251)
Total Net Indebtedness	34,252,125	6,829,852	21,223,148	-	-	62,305,125
Excess of Limit Over Outstanding and Authorized Debt	<u>\$ 144,953,625</u>	<u>\$ 351,581,648</u>	<u>\$ 277,453,102</u>	<u>\$ 258,852,750</u>	<u>\$ 238,941,000</u>	<u>\$ 495,223,875</u>

- (1) Other political subdivisions with power to cause taxes to be levied on taxable property in the Town are numerous tax districts and other associations (hereafter, "districts"). There is no outstanding indebtedness of these districts as of August 18, 2011, of which the Town is aware. Under State Statutes the districts are required to file annual audits and to notify the Town when debt is issued. Information regarding the districts relies upon compliance with the filing requirements.
- (2) Under Connecticut General Statutes, total indebtedness for all classes cannot exceed seven times the base, or \$557,529,000.
- (3) Does not include \$35,000 of water debt excluded by Connecticut General Statutes Section 7-374.
- (4) Under the State of Connecticut's Clean Water Fund Program, the Town has issued Project Loan Obligations dated June 30, 1994, September 30, 1999, March 31, 2003, March 1, 2007 and December 1, 2008 of which \$19,307,803 is currently outstanding. (See "Clean Water Fund" herein).
- (5) Sewer assessment receivable as of June 30, 2011.
- (6) The Town anticipates receiving State of Connecticut principal subsidy grants in the amount of \$2,482,251 over the remaining life of outstanding school bonds approved prior to July 1, 1996. (See "School Projects" herein).

Source: Town Officials

Calculation of Net Direct Indebtedness

As of August 18, 2011 (Pro Forma)

Long-Term Indebtedness (1)

Long Term Debt

The Bonds (<i>This Issue</i>)	\$ 13,080,000
General Purpose	16,281,000
Schools	8,927,000
Sewers	2,672,000
Water	35,000
State of Connecticut CWF Project Loan Obligation	19,307,803

Total Long-Term Indebtedness

60,302,803

Short-Term Indebtedness

The Notes (<i>This Issue</i>)	2,975,000
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Total Direct Indebtedness

63,277,803

Exclusions:

(School building grants receivable) (2)	(2,482,251)
(Sewer assessments receivable) (3)	(756,655)

Net Direct Indebtedness

\$ 60,038,897

(1) Does not include authorized but unissued debt of \$2,301,228. (See "Authorized but Unissued Debt" herein).

(2) As of August 18, 2011 the Town estimates it has school building construction grants receivable in the amount \$2,482,251 for school projects approved prior to July 1, 1996. (See "School Projects" herein.).

(3) As of June 30, 2011.

Source: Town Officials.

Current Debt Ratios

As of August 18, 2011 (Pro Forma)

Total Direct Indebtedness	\$63,277,803
Total Net Direct Indebtedness	\$60,038,897

Population (1)	29,014
Net Taxable Grand List (10/1/10)	\$3,446,825,087
Estimated Full Value	\$4,924,035,839
Equalized Net Taxable Grand List (2009) (2)	\$4,939,663,243
Per Capita Income (1999) (3)	\$32,301

Total Direct Indebtedness:

Per Capita	\$2,180.94
To Net Taxable Grand List	1.84%
To Estimated Full Value	1.29%
To Equalized Net Taxable Grand List	1.28%
Per Capita to Per Capita Income	6.75%

Total Net Direct Indebtedness:

Per Capita	\$2,069.31
To Net Taxable Grand List	1.74%
To Estimated Full Value	1.22%
To Equalized Net Taxable Grand List	1.22%
Per Capita to Per Capita Income	6.41%

(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

	2010-11 (1)	2009-10	2008-09	2007-08	2006-07
Population (2)	29,014	29,014	28,941	28,919	28,891
Net taxable grand list	\$ 3,446,825,087	\$ 3,326,538,299	\$ 3,312,770,155	\$ 3,292,696,081	\$ 3,271,334,991
Estimated full value	\$ 4,752,197,570	\$ 4,752,197,570	\$ 4,732,528,793	\$ 4,703,851,544	\$ 4,673,335,701
Equalized net taxable grand list (3)	\$ 4,939,663,243	\$ 5,401,901,383	\$ 6,088,562,615	\$ 5,877,909,582	\$ 5,672,083,833
Per capita income (4)	\$ 32,301	\$ 32,301	\$ 32,301	\$ 32,301	\$ 32,301
Short-term debt	\$ -	\$ 6,455,000	\$ 4,700,000	\$ 6,250,000	\$ 2,520,000
Long-term debt	\$ 47,339,180	\$ 39,240,380	\$ 43,609,258	\$ 45,854,347	\$ 52,449,366
Total Direct Indebtedness	\$ 47,339,180	\$ 45,695,380	\$ 48,309,258	\$ 52,104,347	\$ 54,969,366
Net Direct Indebtedness	\$ 44,077,341	\$ 41,615,285	\$ 43,503,167	\$ 46,348,809	\$ 48,159,212

(1) Unaudited estimates.

(2) U. S. Bureau of Census.

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

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

Historical Debt Ratios

	2010-11 (1)	2009-10	2008-09	2007-08	2006-07
Total Direct Indebtedness:					
Per capita	\$1,631.60	\$1,574.94	\$1,669.23	\$1,801.73	\$1,902.65
To net taxable grand list	1.37%	1.37%	1.46%	1.58%	1.68%
To estimated full value	1.00%	0.96%	1.02%	1.11%	1.18%
To equalized net taxable grand list	0.96%	0.85%	0.79%	0.89%	0.97%
Debt per capita to per capita income	5.05%	4.88%	5.17%	5.58%	5.89%
Net Direct Indebtedness:					
Per capita	\$1,519.17	\$1,434.32	\$1,503.17	\$1,602.71	\$1,666.93
To net taxable grand list	1.28%	1.25%	1.31%	1.41%	1.47%
To estimated full value	0.93%	0.88%	0.92%	0.99%	1.03%
To equalized net taxable grand list	0.89%	0.77%	0.71%	0.79%	0.85%
Debt per capita to per capita income	4.70%	4.44%	4.65%	4.96%	5.16%

(1) Unaudited estimates.

Outstanding Short-Term Indebtedness

The Town is issuing \$2,975,000 in bond anticipation notes with this issue which will mature August 16, 2012. (See "Authorized but Unissued Debt" herein).

Capital Leases

The Town has outstanding Lease Agreements in the amount of \$974,247 as of June 30, 2011. These payments are not included in the outstanding bonded debt.

Overlapping and Underlying Indebtedness

The Town has no overlapping indebtedness. Other political subdivisions with power to issue underlying indebtedness or cause taxes to be levied on taxable property in the Town are numerous tax districts and other associations. There is no outstanding indebtedness of these districts as of August 18, 2011. (See "Computation of Statutory Debt Limit" footnote (1) herein).

Clean Water Fund Program

The Town of 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.)

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 ("PLO's") outstanding:

Project	Original 2% Loan Amount	Amount Outstanding As of August 18, 2011
CWF PLO 277-PD	\$ 270,620	\$ 28,031
CWF PLO 358-D	1,270,151	536,456
CWF PLO 358-C	20,929,997	11,634,200
CWF PLO 138-CSL	6,163,287	5,005,816
CWF PLO 139-CSL	2,500,898	2,103,300
	<u>\$ 31,134,953</u>	<u>\$ 19,307,803</u>

Legal Requirements for Approval of Borrowing

Under Sections 2, 7 and 11 of the Town Charter, bond authorizations are accomplished through the passage of an appropriation and bonding authorization by the Representative Town Meeting (the "RTM"). An appropriation, introduced by the requesting authority, is first introduced to the Board of Finance. The Board of Finance must approve the authorization and recommend the proposal to the RTM. The RTM, after appropriate public notice, votes to approve or disapprove the proposal and appropriate the required funds and authorize the issuance of bonds or notes to meet the appropriation. Such RTM action is subject to referendum approval if a sufficient petition is filed within 15 days of the RTM's adjournment.

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 may be funded beyond ten years from their initial borrowing if written commitment exists for State and/or Federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

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

School Projects

The State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. Debt Service reimbursement will continue under the prior program for all school projects approved prior to July 1, 1996. Under the prior program, the State will reimburse principal and interest cost for eligible school construction projects over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund such school projects. Under the new program, the State will make proportional progress payments for eligible construction costs during construction. The Town's current school debt falls under the prior reimbursement program.

Authorized but Unissued Debt

Projects	Amount Authorized	Prior Financings	Paydowns/ Grants	The Bonds (<i>This Issue</i>)	The Notes (<i>This Issue</i>)	Authorized But Unissued
Tabor Drive Land Acquisition	\$ 13,875,000	\$ 10,875,000	\$ 25,000	\$ -	\$ 2,975,000	\$ -
Walsh Intermediate School Roof and Window Replacement	2,100,000	1,700,000	14,897	-	-	385,103
School Ground Road Bridge	2,250,000	185,000	148,875	-	-	1,916,125
Johnson Farm Purchase	580,000	-	-	580,000	-	-
New Fire Headquarters	12,500,000	-	-	12,500,000	-	-
Total	<u>\$ 31,305,000</u>	<u>\$ 12,760,000</u>	<u>\$ 188,772</u>	<u>\$ 13,080,000</u>	<u>\$ 2,975,000</u>	<u>\$ 2,301,228</u>

Combined Schedule of Long Term Debt through Maturity

As of August 18, 2011 (Pro Forma)

Fiscal Year	Principal Payments (1)	Interest Payments	Total Debt Service (1)	The Bonds Principal Payments	All Issues Principal (1)
2012	\$ 5,454,081	\$ 1,124,057	\$ 6,578,138	\$ -	\$ 5,454,081
2013	5,149,800	1,009,449	6,159,249	625,000	5,774,800
2014	5,315,005	855,887	6,170,892	625,000	5,940,005
2015	4,329,272	714,895	5,044,167	850,000	5,179,272
2016	3,804,130	589,637	4,393,767	925,000	4,729,130
2017	3,494,591	493,476	3,988,067	925,000	4,419,591
2018	3,385,667	412,619	3,798,286	925,000	4,310,667
2019	2,466,661	333,368	2,800,029	925,000	3,391,661
2020	2,477,337	284,090	2,761,427	925,000	3,402,337
2021	2,508,670	233,679	2,742,349	925,000	3,433,670
2022	2,540,635	180,901	2,721,536	925,000	3,465,635
2023	1,694,855	131,583	1,826,438	925,000	2,619,855
2024	1,414,659	97,225	1,511,884	925,000	2,339,659
2025	1,424,542	62,482	1,487,024	925,000	2,349,542
2026	1,409,625	27,306	1,436,931	925,000	2,334,625
2027	394,883	4,956	399,839	805,000	1,199,883
2028	74,767	437	75,204	-	74,767
	<u>\$ 47,339,180</u>	<u>\$ 6,556,047</u>	<u>\$ 53,895,227</u>	<u>\$ 13,080,000</u>	<u>\$ 60,419,180</u>

(1) Does not reflect fiscal year 2011-12 principal payments of \$116,377 made as of August 18, 2011.

Source: Town of Branford.

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 Blum, Shapiro & Company, P.C., 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, 2010, 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 Blum, Shapiro & Company, 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 Director of Finance, Town of Branford, upon request.

Budgetary Procedures

The Branford Town Charter defines in Section 5 the Town's budgetary policy. The following is the budgetary sequence and time schedule generally followed by the Town:

<u>By the last week of February.</u>	All boards, commissions and department heads (including the Board of Education) submit their revenue and expenditure estimates for the annual budget to the First Selectman.
<u>By the second week of March.</u>	The First Selectman presents budget estimates to the Board of Finance. The Board of Finance holds public and departmental hearings.
<u>By the second week of April.</u>	The Board of Finance presents its recommended budget to the Representative Town Meeting. The budget is published in book form and in newspaper legal notices.
<u>During the month of April.</u>	The Representative Town Meeting holds departmental and public hearings.
<u>The second Tuesday of May.</u>	The Representative Town Meeting holds the annual budget meeting.
<u>The second Thursday of May.</u>	The Board of Finance sets the mill rate for the new budget.

All unencumbered appropriations lapse at year end, except those for the Capital Projects Fund and certain specific revenue funds. Appropriations for Capital Projects are continued until completion, even when projects extend beyond one or more fiscal years.

Employee Pension Systems

Town full-time employees, with the exception of the Police Department employees, Volunteer Firemen and certified teachers and administrators, participate in the State of Connecticut Municipal Employees Retirement Fund ("MERF"), a multiple-employer public employee retirement system. Certified teachers and administrators are members of the State of Connecticut Teachers Retirement Board. The Police and Volunteer Firemen's Retirement Plans are single-employer, contributory, defined benefit, public employee retirement systems ("PERS") established and administered by the Town. For further details on the Plans, see Appendix A, Page 40, Notes to the Financial Statements.

Based upon a July 1, 2009 actual valuation, the actuarial value of assets and actuarial liabilities for the PERS plan were as follows:

Schedule of Funding Progress

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (c)	Funded Ratio (a) / (b)
1992	\$ 1,537,248	\$ 7,395,440	\$5,858,192	20.8%
1994	2,775,275	8,589,565	5,814,290	32.3
1996	4,315,682	10,044,614	5,728,932	43.0
1998	5,753,024	10,386,258	4,633,234	55.4
2000	8,336,451	11,542,336	3,205,885	72.2
2001	9,550,035	13,326,943	3,776,908	71.7
2003	9,593,076	12,551,982	2,958,906	76.4
2005	11,206,696	15,525,603	4,318,907	72.2
2007	14,044,381	18,061,498	4,017,117	77.8
2009	15,681,847	20,691,823	5,009,976	75.8

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2003	\$ 751,507	\$ 754,273	100.4%
2004	490,583	1,765,000	359.7
2005	502,901	675,000	134.2
2006	707,592	675,000	95.3
2007	724,950	784,950	108.2
2008	781,134	802,960	102.8
2009	773,105	806,769	104.4
2010	793,742	1,103,301	139.0
2011 (1)	1,014,103	887,078	87.6
2012 (1)	1,041,413	947,000	90.1

(1) Fiscal years 2010-11 and 2011-12 adopted budgets.

For further details on the plans, see Appendix A, "Notes to General Purpose Financial Statements".

Other Post Employment Benefits

The Town provides health insurance, life insurance, and lump sum benefits in accordance with union contracts for members and non-union employees. The Town has retained Hooker & Holcombe, Inc. to perform an actuarial valuation of this liability in accordance with Governmental Accounting Standards Board ("GASB") Statements 43 and 45 requirements effective for fiscal year beginning July 1, 2008, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-Employment Benefits ("OPEB") plans and include information concerning the valuation of such plans in their financial statements. As part of the OPEB valuation, Hooker & Holcombe, Inc. determined a direct and implicit rate subsidy for the Town's and an implicit rate subsidy for the Board of Education's Postretirement Medical Plan with an actuarial liability of \$16,496,800 with a fully funded OPEB trust discount rate of 7.5%. The Town currently finances the cost of these benefits on a pay-as-you-go basis, and has established an OPEB Trust Fund for the accumulation of assets with which to pay such benefits in future years. As of June 30, 2011 the Town has estimated that it has \$4,723,740 in such fund. The estimated pay-as-you-go cost for fiscal year 2011-12 is approximately \$1,243,704. The actuarial annual required contribution is \$1,818,900 with a fully funded OPEB trust. For further details, see Appendix A, "Notes to General Purpose Financial Statements".

Investment Policies and Procedures

Under Connecticut General Statutes Section 7-400, 7-401 and 7-402, the Town may invest in (a) obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal National Mortgage Association, the Federal 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, the Tennessee Valley Authority, or any other agency of the United States government (b) money market and mutual funds investing in such obligations or repurchase agreements fully collateralized by such obligations and (c) certain state and municipal bonds and notes, and may make deposits with certain "qualified public depositories".

The Town's investment practices have been to invest in certificates of deposit, short-term repurchase agreements, demand accounts and the State of Connecticut Short Term Investment Fund ("STIF"). The Town does not invest in derivative investment products.

Assessment Practices

The Town of Branford last revalued its real property effective October 1, 2009. Under Section 12-62 of the Connecticut General Statutes, the Town must revalue all real estate by physical inspection no later than ten years following the preceding physical inspection. The Town must conduct a statistical revaluation no later than five years after the last physical inspection. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable and tax exempt 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 Inspector. 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-rata 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, July 1 and January 1. Payments not received one month after the due date become delinquent, with interest charged at the rate of 1.5% per month. Real estate is lien for delinquent taxes within one year after the tax due date.

The Town makes available to its qualifying residential property owners certain tax deferral and relief programs as authorized by the general statutes.

Property Tax Levies and Collections

FY Ending 6/30	Net Taxable Grand List	Total Tax Rate (In Mills)	Adjusted Tax Levy	Collected End of Each FY	Uncollected Taxes	
					End of Each FY	As of 06/30/10 (2)
2012 (1)	\$3,446,825,087	24.27	\$81,631,602	In Process	In Process	In Process
2011 (1)*	3,432,581,053	23.57	80,913,929	In Process	In Process	In Process
2010	3,326,538,299	23.58	78,567,255	98.3%	\$1,363,883	\$1,363,883
2009	3,312,770,155	23.22	77,010,522	98.8	952,640	519,103
2008	3,292,696,081	22.33	73,636,971	98.8	909,228	328,136
2007	3,271,334,991	21.76	71,202,197	98.9	767,685	227,766
2006*	3,233,514,892	20.97	68,040,213	98.9	753,517	90,112
2005	2,723,431,438	23.94	65,256,463	98.5	1,005,376	72,836
2004	2,716,106,910	22.79	62,132,177	98.0	1,231,893	28,918
2003	2,038,883,517	29.14	59,826,471	98.0	1,218,890	25,867

(1) Fiscal years 2010-11 and 2011-12 adopted budgets.

* Indicates years of revaluations.

Source: Tax Collector's Office, Town of Branford.

Taxable Grand List

Grand List Dated	(%) Residential Property	(%) Industrial & Commercial Property	(%) Land	(%) Motor Vehicles	(%) Personal Property	Gross Taxable Grand List	Exemptions	Net Taxable Grand List
10/1/10	75.4	14.4	0.5	6.0	3.6	\$3,483,790,847	\$36,965,760	\$3,446,825,087
10/1/09 (1)	76.2	13.1	0.6	5.9	4.2	3,467,481,684	34,930,632	3,432,581,052
10/1/08	75.0	14.1	0.6	6.1	4.2	3,360,416,724	33,878,425	3,326,538,299
10/1/07	76.3	12.8	0.6	6.4	3.9	3,341,817,685	29,047,530	3,312,770,155
10/1/06	76.3	12.9	0.5	6.3	4.0	3,324,923,888	32,227,807	3,292,696,081
10/1/05	75.1	14.0	0.5	6.4	4.0	3,302,513,607	31,178,643	3,271,334,964
10/1/04	76.1	14.0	0.5	6.1	3.3	3,264,478,211	30,963,319	3,233,514,892
10/1/03	75.2	13.6	0.4	6.8	4.1	2,757,620,652	34,189,214	2,723,431,438
10/1/02	74.3	13.4	0.4	7.0	4.9	2,752,521,479	36,414,569	2,716,106,910
10/1/01	66.3	17.1	1.5	9.1	5.9	2,073,521,619	34,638,102	2,038,883,517

(1) The latest revaluation was effective October 1, 2009 as described above.

Source: Assessor's office, Town of Branford.

Largest Taxpayers

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

Name of Taxpayer	Nature of Property	Grand List Amount	Estimated Taxes
Vigliotti Alex Etals	Residential / Commercial	\$ 31,015,278	\$ 752,741
Rogers Island LLC / Etals	Residential Real Estate	26,505,800	643,296
Connecticut Light & Power	Utility	24,413,420	592,514
Kiop Branford LLC	Shopping Plaza	14,395,011	349,367
Business Park Realty & C. Weber, Jr.	Commercial Real Estate	11,919,911	289,296
CSC Montoya Limited Partnership	Commercial Real Estate	9,394,175	227,997
DIV Branford LLC	Commercial Real Estate	9,258,361	224,700
WalMart Stores, Inc.	Commercial Retail	9,230,544	224,025
Wilcris Realty	Marinas	9,094,687	220,728
454 Life Sciences Corporation	Research & Development	9,077,754	220,317
Total		<u>\$ 154,304,941</u> (1)	<u>\$3,744,981</u> (2)

(1) Represents 4.48% of the net taxable grand list of \$3,446,825,087 dated October 1, 2010.

(2) Represents 4.59% of the adopted tax levy of \$81,631,602 for fiscal year 2011-12.

Note: South Central Connecticut Regional Water Authority (the "Authority") is required to make annual payments to the Town equivalent to the taxes which would otherwise be due for the property of the Authority in such municipality excluding any improvements to or construction on any such real property by the Authority. The Authority currently makes payments in lieu of taxes ("PILOT") at the current mill rate on personal and real property assessed at \$9,903,501 amounting to \$240,358. Exempt property acquired after the transfer day is not subject to taxation. Payments to the Town are not treated as taxes for accounting purposes; therefore the Authority is not considered a taxpayer.

Source: Assessor's Office, Town of Branford.

Revenues

The Town derives its revenues from a direct tax levy on property, State and Federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2006-2010 in "Statement 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

Fiscal Year	General Fund Revenues	Property Tax Revenues	Property Tax As a % of General Fund Revenues
2012 (Adopted Budget)	\$ 93,233,099	\$ 82,891,602	88.9
2011 (Unaudited Estimates)	89,367,077	81,338,646	91.0
2010	91,623,457	78,509,702	85.7
2009	91,190,384	77,396,463	84.9
2008 (1)	101,942,061	74,049,248	72.6
2007	86,362,652	72,110,546	83.5
2006	82,364,463	68,805,528	83.5
2005	77,022,720	65,885,351	85.5
2004	72,993,959	62,404,064	85.5
2003	71,471,916	60,901,360	85.2

(1) Includes one-time pass-through state funding for the state teachers' retirement system pension liability in the amount of \$15,973,451 an increase of \$13,405,526.

Source: Annual audited financial statements, fiscal year 2010-11 unaudited estimates and fiscal year 2011-12 adopted budget.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Intergovernmental</u>	<u>Aid As a % of General Fund Revenue</u>
2012 (Adopted Budget)	\$ 93,233,099	\$ 3,098,080	3.3
2011 (Unaudited Estimates)	89,367,077	3,366,838	3.8
2010	91,623,457	7,974,118	8.7
2009	91,190,384	8,274,139	9.1
2008 (1)	101,942,061	21,920,852	21.5
2007	86,362,652	6,989,557	8.1
2006	82,364,463	6,642,750	8.1
2005	77,022,720	5,183,466	6.7
2004	72,993,959	5,197,520	7.1
2003	71,471,916	5,390,976	7.5

(1) Includes one-time pass-through state funding for the state teachers' retirement system pension liability in the amount of \$15,973,451 an increase of \$13,405,526.

Source: Annual audited financial statements, fiscal year 2010-11 unaudited estimates and fiscal year 2011-12 adopted budget.

Expenditures

<u>Fiscal Year</u>	<u>Education %</u>	<u>Public Safety %</u>	<u>Pension & Insurance %</u>	<u>Debt Service %</u>	<u>Public Works %</u>	<u>General Government %</u>
2012 (Adopted Budget)	53.5	11.7	11.0	7.4	6.6	4.7
2011 (Unaudited Estimates)	54.2	11.9	10.8	6.9	6.7	4.9
2010	57.2	11.3	10.3	6.6	5.7	4.6
2009	58.4	10.8	8.8	6.5	5.9	5.3
2008 (1)	61.9	9.4	7.3	8.3	5.0	4.4
2007	55.5	10.5	8.5	8.2	8.3	4.8
2006	54.9	10.3	8.5	8.1	8.3	5.6
2005	53.3	10.6	7.9	8.3	9.3	5.2
2004	53.3	10.4	9.1	8.7	8.6	4.8
2003	53.9	10.7	7.6	8.4	9.2	5.0

(1) Includes one-time pass-through state funding for the state teachers' retirement system pension liability in the amount of \$15,973,451 an increase of \$13,405,526.

Source: Annual audited financial statements, fiscal year 2010-11 unaudited estimates and fiscal year 2011-12 adopted budget.

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

	Fiscal Year 2009-10			2010-11	2011-12
	Final Budget	Actual Operations	Variance Favorable (Unfavorable)	Unaudited Estimates	Adopted Budget
REVENUES					
Property taxes	\$ 77,544,391	\$78,509,702	\$ 965,311	\$ 81,338,646	\$ 82,891,602
Intergovernmental revenue	3,399,358	3,748,743	349,385	3,366,838	3,098,080
Interest income	336,000	454,875	118,875	125,005	119,000
Licenses, permits and fees	3,011,178	3,690,756	679,578	4,536,588	3,546,417
Fund balance brought forward	-	-	-	-	2,825,000
Other	801,300	996,330	195,030	-	753,000
TOTAL REVENUES	85,092,227	87,400,406	2,308,179	89,367,077	93,233,099
EXPENDITURES					
Current:					
General government	4,359,051	4,066,057	292,994	4,322,961	4,355,641
Public safety	9,957,379	9,955,442	1,937	10,477,635	10,745,367
Public works	5,246,776	5,022,273	224,503	5,883,984	6,080,865
Recreation	911,680	881,173	30,507	1,734,736	967,686
Libraries	1,266,890	1,266,050	840	955,085	1,339,211
Health and welfare	1,684,096	1,649,142	34,954	1,304,190	1,767,674
Education	46,738,219	46,325,175	413,044	47,640,219	49,170,365
Pension and insurance	9,267,930	9,127,461	140,469	9,533,785	10,157,491
Contingency	36,320	-	36,320	-	520,600
Debt service	5,816,239	5,792,457	23,782	6,030,761	6,821,922
TOTAL EXPENDITURES	85,284,580	84,085,230	1,199,350	87,883,356	91,926,822
Excess (deficiency) of revenues over expenditures	<u>(192,353)</u>	<u>3,315,176</u>	<u>3,507,529</u>	<u>1,483,721</u>	<u>1,306,277</u>
Other financing sources (uses):					
Operating transfers in	394,750	397,112	2,362	394,750	424,616
Operating transfers out					
Special revenue fund	(904,337)	(904,337)	-	-	-
Capital projects fund	<u>(2,773,060)</u>	<u>(2,773,060)</u>	<u>-</u>	<u>(2,761,541)</u>	<u>(1,730,893)</u>
Total other financing sources (uses)	<u>(3,282,647)</u>	<u>(3,280,285)</u>	<u>2,362</u>	<u>(2,366,791)</u>	<u>(1,306,277)</u>
Excess of Revenues and other financing sources over expenditures and other financing uses	<u>\$ (3,475,000)</u>	<u>\$ 34,891</u>	<u>\$ 3,509,891</u>	<u>\$ (883,070)</u>	<u>\$ -</u>

Source: Annual audited financial statements, fiscal year 2010-11 unaudited estimates and fiscal year 2011-12 adopted budget.

Balance Sheet – General Fund

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
ASSETS					
Cash and cash equivalents	\$ 20,964,288	\$ 19,169,391	\$ 19,976,547	\$ 20,549,768	\$ 16,686,402
Investments	-	-	4,967,168	5,955,428	4,496,866
Receivables, net	10,131,335	9,118,326	7,704,761	7,026,154	7,343,063
Due from other funds	322,863	2,768,112	272,388	3,039,686	2,738,544
Other assets	24,485	27,685	28,339	23,159	42,364
TOTAL ASSETS	<u>\$ 31,442,971</u>	<u>\$ 31,083,514</u>	<u>\$ 32,949,203</u>	<u>\$ 36,594,195</u>	<u>\$ 31,307,239</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts and other payables	\$ 1,966,695	\$ 1,655,324	\$ 1,997,395	\$ 2,033,653	\$ 1,762,970
Due to other funds	2,383,161	2,618,714	2,367,287	5,304,259	1,450,000
Deferred revenue	11,619,805	9,793,367	11,491,708	11,340,954	10,136,634
Other	408,667	401,105	164,150	133,065	181,519
TOTAL LIABILITIES	<u>16,378,328</u>	<u>14,468,510</u>	<u>16,020,540</u>	<u>18,811,931</u>	<u>13,531,123</u>
FUND BALANCE					
Reserved	278,198	376,475	440,505	383,388	362,652
Unreserved	14,786,445	16,238,529	16,488,158	17,398,876	17,413,464
TOTAL FUND BALANCES	<u>15,064,643</u>	<u>16,615,004</u>	<u>16,928,663</u>	<u>17,782,264</u>	<u>17,776,116</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 31,442,971</u>	<u>\$ 31,083,514</u>	<u>\$ 32,949,203</u>	<u>\$ 36,594,195</u>	<u>\$ 31,307,239</u>

Source: Annual audited financial statements.

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

REVENUES	2006	2007	2008	2009	2010
Property taxes	\$ 68,805,528	\$ 72,110,546	\$ 74,049,248	\$ 77,396,463	\$ 78,509,702
Intergovernmental	6,642,750	6,989,557	21,920,852	8,274,139	7,974,118
Charges for services	4,692,503	4,398,540	3,403,921	3,445,274	3,690,756
Interest on investments	1,381,136	1,781,077	1,465,733	965,832	454,875
Miscellaneous	842,546	1,082,932	1,102,307	1,108,676	994,006
TOTAL REVENUES	82,364,463	86,362,652	101,942,061	91,190,384	91,623,457
EXPENDITURES					
General government	4,414,332	3,884,242	4,254,866	4,524,283	4,065,962
Public safety	8,093,664	8,550,526	9,209,994	9,130,692	9,972,281
Public works and highway	6,471,572	6,692,765	4,882,487	5,002,071	5,034,388
Health and human services	1,889,897	1,427,591	1,491,270	1,562,520	1,649,142
Parks, recreation and libraries	1,420,611	1,912,068	2,045,021	2,096,246	2,150,226
Pension and insurance	6,649,586	6,914,717	7,184,818	7,434,458	9,134,313
Education	42,911,741	45,013,856	60,571,587	49,602,424	50,550,551
Capital outlay	54,029	-	-	-	-
Debt service	6,315,520	6,662,436	8,148,690	5,556,453	5,792,457
TOTAL EXPENDITURES	78,220,952	81,058,201	97,788,733	84,909,147	88,349,320
Excess (deficiency) of revenues over expenditures	4,143,511	5,304,451	4,153,328	6,281,237	3,274,137
Other financing sources (uses)					
Operating transfers in	150,500	100,000	365,000	383,250	397,112
Operating transfers (out)	(3,300,717)	(3,854,090)	(4,204,669)	(5,200,269)	(3,677,397)
Issuance of refunding bonds	-	-	-	11,395,000	-
Payment to escrow agent	-	-	-	(12,005,617)	-
Total other financing sources (uses)	(3,150,217)	(3,754,090)	(3,839,669)	(5,427,636)	(3,280,285)
Net change in fund balances	993,294	1,550,361	313,659	853,601	(6,148)
Fund Balance - July 1	14,071,349	15,064,643	16,615,004	16,928,663	17,782,264
Fund Balance - June 30	<u>\$ 15,064,643</u>	<u>\$ 16,615,004</u>	<u>\$ 16,928,663</u>	<u>\$ 17,782,264</u>	<u>\$ 17,776,116</u>

Source: Annual audited financial statements.

SECTION VI – ADDITIONAL INFORMATION

Litigation

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

Availability of Continuing Disclosure Information

The Town of Branford prepares, in accordance with State law, annual audited financial statements and is generally required to file such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The Town also provides, and expects to continue to provide to Moody's Investors Service and Standard & Poor's Corporation ongoing disclosure in the form of the Annual Audited Report and the Adopted Budgets, and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into continuing disclosure agreements with respect to the Bonds and the Notes (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events not in excess of 10 business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the forms attached as Appendices C-1 and C-2, respectively, to this Official Statement.

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.

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 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.

Documents Accompanying Delivery of the Bonds and Notes

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

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and Notes or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town signed by the First Selectman, Treasurer, and the Finance Director, which will be dated the date of delivery and attached to a confirmed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, that the descriptions and statements in the Official Statement relating to the Town of Branford and its finances were true and correct in all material respects and did not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statement therein, in 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 Notes;
4. The approving opinions of Joseph Fasi LLC, of Hartford, Connecticut substantially in the form attached to the Official Statement as Appendices B-1 and B-2.

5. Executed continuing disclosure agreements for the Bonds and Notes in substantially the form attached to the Official Statement as Appendices C-1 and C-2;
6. The Town will provide the winning bidder of the Bonds 100 copies of the Official Statement, and the winning bidder of the Notes 15 copies of the 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 a winning bidder at its own expense by arrangement with the printer. If the Issuer's financial advisor is provided with the necessary information from the winning bidders by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds and Notes.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the office of the U.S. Bank National Association of 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) 315-0663 or from IBIC LLC at (203) 245-8715.

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 constructed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds and Notes.

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

IBIC 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. IBIC LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

TOWN OF BRANFORD, CONNECTICUT

By: _____
Anthony J. DaRos
First Selectman

By: _____
Peter A. Banca
Treasurer

By: _____
James P. Finch, Jr.
Finance Director

Dated: July 20, 2011

APPENDIX A - FINANCIAL STATEMENTS

TOWN OF BRANFORD, CONNECTICUT

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of Branford for the Fiscal Year ending June 30, 2010 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Finance Director, Town of Branford, Connecticut.



Accounting | Tax | Business Consulting

Independent Auditors' Report

Board of Finance
Town of Branford
Branford, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Town of Branford, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of June 30, 2010 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.

Management's discussion and analysis on pages A-3 through A-10 and the budgetary comparison information on pages A-48 through A-53 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that 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.

Blum, Shapiro & Company, P.C.

January 19, 2011

TOWN OF BRANFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

This discussion and analysis of the Town of Branford, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2010. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts in this MD&A are expressed in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

- Net assets of our governmental activities increased by \$1,550.
- During the year, the Town had expenses that were \$1,552 less than the \$103,530 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$101,979 with no new programs added this year.
- The General Fund reported a fund balance this year of \$17,776.
- The resources available for appropriation were \$2,311 more than budgeted for the General Fund. Expenditures were kept within spending limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net assets increased from a year ago, increasing from \$114,729 to \$116,279. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

TABLE 1
NET ASSETS

	Governmental Activities	
	2010	2009
Current assets	\$ 48,905	\$ 51,085
Capital assets, net of accumulated depreciation	129,272	131,010
Total assets	<u>178,177</u>	<u>182,095</u>
Long-term debt outstanding	48,603	53,214
Other liabilities	13,295	14,152
Total liabilities	<u>61,898</u>	<u>67,366</u>
Net Assets:		
Invested in capital assets, net of debt	82,530	81,371
Restricted	236	226
Unrestricted	<u>33,513</u>	<u>33,132</u>
Total Net Assets	<u>\$ 116,279</u>	<u>\$ 114,729</u>

The Town experienced an increase in net assets of its governmental activities of 1.4% as compared to the prior year. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$33,122 at June 30, 2009 to \$33,513 at the end of this year.

The change in unrestricted governmental net assets was minimal absent large capital investments and no significant change in assets resulting from operations.

TABLE 2
CHANGE IN NET ASSETS

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 9,059	\$ 9,662
Operating grants and contributions	12,909	10,596
Capital grants and contributions	330	1,020
General revenues:		
Property taxes	79,091	77,354
Grants and contributions not restricted to specific programs	1,301	1,379
Unrestricted investment earnings	514	1,108
Other general revenues	325	358
Total revenues	<u>103,529</u>	<u>101,477</u>
Program expenses:		
General government	10,205	7,390
Public safety	16,711	14,381
Public works and highway	12,528	12,464
Parks, recreation and libraries	3,049	3,138
Health and human services	1,517	2,808
Education	56,705	56,105
Interest debt service	1,264	1,709
Total program expenses	<u>101,979</u>	<u>97,995</u>
Increase in Net Assets	\$ <u>1,550</u>	\$ <u>3,482</u>

The Town's total revenues were \$103,529. The total cost of all programs and services was \$101,979. Our analysis which follows considers the operations of governmental activities.

Governmental Activities

The General Fund contributed significantly to the Town's overall increase in net assets. Total revenues were \$2,311 higher than budgeted. Of this amount, \$965 resulted from strong property tax collections that include prior year levies, interest and penalties. Taxes on the current levy exceeded the budget by \$784. Intergovernmental revenue exceeded budget due to conservative estimates of state assistance and an expectation that principal and interest subsidies from the State's school construction program would be reduced pursuant to audits. Fee income from police special detail and ambulance transports offset produced a positive variance of \$680. Interest and other income exceeded the budget by \$314 primarily due to appreciation in fixed income government obligations and premiums received from the winning underwriter for the bond anticipation note issue.

Expenditures were \$1,199 less than anticipated. The primary factors contributing to the expenditure balance relate to a decline in solid waste activity fees and a higher number of vacancies, which resulted in savings across various functional areas while reducing pension and Social Security requirements. The Board of Education produced an unexpended balance of \$413, which the Board agreed to offset the loss of revenue to the Town for educational purposes.

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

TABLE 3
GOVERNMENTAL ACTIVITIES

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
General government	\$ 10,205	\$ 7,390	\$ 8,979	\$ 6,109
Public safety	16,711	14,381	14,137	12,325
Public works and highway	12,528	12,464	7,934	7,898
Parks, recreation and libraries	3,049	3,138	2,468	2,285
Health and human services	1,517	2,808	231	1,416
Education	56,705	56,105	44,705	45,147
Interest and debt service	1,264	1,709	1,228	1,537
Total	<u>\$ 101,979</u>	<u>\$ 97,995</u>	<u>\$ 79,682</u>	<u>\$ 76,717</u>

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$19,399, which is a decrease from last year's total of \$23,225. The primary reason for the decrease relates to a large negative fund balance in the capital fund caused by unfinanced capital projects and an increase in the amount of notes payable. Both the notes payable amount and a large portion of the unfinanced capital projects were financed in September 2010. Please refer to Note 14, Subsequent Events.

General Fund Budgetary Highlights

The Town's general fund expenditures plus encumbrances totaled \$87,763. Unexpended appropriations in public safety, public works, education and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$1,199. During the year, the Town was able to appropriate an additional \$475,000 to augment the pension fund, the water fund and the heart and hypertension fund. Revenues totaled \$87,798; this amount reflects strong tax collections and favorable nontax revenue experience and conservative estimates.

The Town's General Fund balance of \$17,776 reported on Exhibit IV differs from the General Fund's budgetary fund balance of \$17,413. This is principally because budgetary fund balance does not include \$363 of outstanding encumbrances and prepaid items at year end which are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the Town had \$129,272 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment - Table 4. This amount represents a net decrease (including additions and deductions) of \$1,738 or (1.3 %), less than last year.

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

	Governmental Activities	
	2010	2009
Land	\$ 12,888	\$ 12,888
Land improvements	861	878
Buildings	73,826	75,680
Machinery and equipment	9,750	9,504
Construction in progress	2,214	1,090
Infrastructure	29,733	30,970
Total	\$ <u>129,272</u>	\$ <u>131,010</u>

The Town has implemented the provisions of the GASB Statement No. 34, which require the reporting of infrastructure assets acquired prior to July 1, 2002.

The Town's fiscal-year 2010-11 budget as adopted does not contemplate any major additions to capital assets. However, the Town anticipates authorizing bonds during the 2010-11 fiscal year for legal settlements associated with the Tabor Drive acquisition, a new roof at the Walsh Intermediate School and the start of design of a new fire headquarters. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2010, the Town had \$39,240 in bonds and notes outstanding versus \$43,609 last year - a decrease of \$4,369 or approximately 10%. The Town anticipates that this reduction will provide the added debt capacity for future capital projects and potential future liabilities resulting from settlements.

The Town's general obligation bond rating from Moody's Investor Services, a national rating agency, remains at Aa2, and represents the second rating increase from Moody's since 2001. The Town's rating from Standard & Poor's increased to AAA in February. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this state-imposed limit of \$558 million.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when adopting the fiscal-year 2010-2011 budget and corresponding tax rates. Town officials confronted a number of challenges while formulating the budget, including, but not limited to, the uncertainty with regard to State assistance and a continued shift in the tax burden to residential property due to the recent revaluations. Falling interest rates and an overall decline in real estate sales and building permit activity were also incorporated into the budget plan. In developing the budget, Town officials acknowledged that property owners were faced with their own economic constraints and job insecurities associated with the recession. Faced with these challenges, officials sought to minimize the increase the Town's tax requirements while acknowledging that the demand for many municipal services would increase. In developing the budget, the Town established the following budget guidelines that provided the rationale for many of the budgetary decisions: maintain the current level of existing services while refraining from adding new programs; fund current and future liabilities; preserve the undesignated fund balance; continue to invest in new vehicles and equipment to ensure continued service delivery; preserve the Town's investment in its properties and buildings; and to continue to fund many capital items on a pay-as-you-go basis so as to limit the amount of outstanding debt.

As a result of these efforts and adherence to the above guidelines, the Town adopted a General Fund budget of \$91,017,633 for 2010-2011, which represents an increase of \$2,055 thousand or 2.3% as compared to the 2009-2010 amended budget. It is important to note that nontax revenue is expected to decrease by \$445,787. Increased property taxes of approximately \$2,464 thousand combined with a \$2.9 million appropriation from fund balance will offset nontax revenue reductions and lower tax collection rates.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 32,309,873
Investments	4,627,131
Receivables, net	9,951,891
Inventory	7,905
Prepaid items	42,364
Net pension asset	494,743
Net OPEB asset	1,471,400
Capital assets not being depreciated	15,101,405
Capital assets being depreciated, net of accumulated depreciation	114,170,462
Total assets	<u>178,177,174</u>
Liabilities:	
Accounts and other payables	2,557,186
Unearned revenue	4,101,169
Bond anticipation notes payable	6,455,000
Other	181,519
Noncurrent liabilities:	
Due within one year	6,332,454
Due in more than one year	42,271,124
Total liabilities	<u>61,898,452</u>
Net Assets:	
Invested in capital assets, net of related debt	82,529,238
Restricted for Trusts:	
Expendable	135,589
Nonexpendable	100,420
Unrestricted	<u>33,513,475</u>
Total Net Assets	<u>\$ 116,278,722</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 10,205,106	\$ 1,117,029	\$ 108,890	\$	\$ (8,979,187)
Public safety	16,711,057	2,171,851	379,484	23,190	(14,136,532)
Public works and highway	12,528,407	3,402,170	1,183,903	8,150	(7,934,184)
Parks, recreation and libraries	3,049,359	355,676	75,942	150,000	(2,467,741)
Health and human services	1,517,033	398,255	887,572		(231,206)
Education	56,704,774	1,614,064	10,237,263	148,667	(44,704,780)
Interest expense	1,263,794		35,601		(1,228,193)
Total	\$ <u>101,979,530</u>	\$ <u>9,059,045</u>	\$ <u>12,908,655</u>	\$ <u>330,007</u>	<u>(79,681,823)</u>
General revenues:					
Property taxes					79,091,101
Grants and contributions not restricted to specific programs					1,301,000
Unrestricted investment earnings					513,756
Miscellaneous					325,700
Total general revenues					<u>81,231,557</u>
Change in net assets					1,549,734
Net Assets at Beginning of Year					<u>114,728,988</u>
Net Assets at End of Year					\$ <u>116,278,722</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 16,686,402	\$	\$ 1,986,695	\$ 7,359,945	\$ 26,033,042
Investments	4,496,866			130,265	4,627,131
Receivables, net	7,343,063		923,404	1,604,736	9,871,203
Due from other funds	2,738,544	1,566,942			4,305,486
Inventories				7,905	7,905
Other assets	42,364				42,364
Total Assets	<u>\$ 31,307,239</u>	<u>\$ 1,566,942</u>	<u>\$ 2,910,099</u>	<u>\$ 9,102,851</u>	<u>\$ 44,887,131</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 1,762,970	\$ 276,619	\$ 3,554	\$ 366,330	\$ 2,409,473
Due to other funds	1,450,000	2,478,118		487,368	4,415,486
Deferred revenue	10,136,634		923,405	966,370	12,026,409
Bond anticipation notes payable		6,455,000			6,455,000
Other	181,519				181,519
Total liabilities	<u>13,531,123</u>	<u>9,209,737</u>	<u>926,959</u>	<u>1,820,068</u>	<u>25,487,887</u>
Fund balances:					
Reserved	362,652	612,270		347,518	1,322,440
Unreserved, reported in:					
General Fund	17,413,464				17,413,464
Special Revenue Funds			1,983,140	6,799,676	8,782,816
Capital Project Funds		(8,255,065)			(8,255,065)
Permanent Funds				135,589	135,589
Total fund balances	<u>17,776,116</u>	<u>(7,642,795)</u>	<u>1,983,140</u>	<u>7,282,783</u>	<u>19,399,244</u>
Total Liabilities and Fund Balances	<u>\$ 31,307,239</u>	<u>\$ 1,566,942</u>	<u>\$ 2,910,099</u>	<u>\$ 9,102,851</u>	<u>\$ 44,887,131</u>

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TOWN OF BRANFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because of the following:

Fund balances - total governmental funds	\$ 19,399,244
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 226,834,351	
Less accumulated depreciation	(97,562,484)	
Net capital assets		129,271,867

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

Net OPEB asset	1,471,400
Net pension asset	494,743
Property tax receivables greater than 60 days	2,078,204
Interest receivable on property taxes	1,022,346
Assessments receivable	1,076,757
Housing loans receivable	613,890
Receivable from the state for school construction projects	3,134,043

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.

3,750,758

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

Bonds and notes payable	(39,240,380)
Interest payable on bonds and notes	(146,128)
Compensated absences	(4,257,773)
Capital lease	(1,153,613)
Deferred charges on refunding	106,364
Landfill	(1,343,000)

Net Assets of Governmental Activities (Exhibit I)	\$ <u>116,278,722</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

	General	Capital Projects	Sewer Assessment	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 78,509,702	\$	\$	\$	\$ 78,509,702
Assessments and interest			345,989	2,464,008	2,809,997
Intergovernmental	7,974,118	181,340		6,517,666	14,673,124
Charges for services	3,690,756			2,156,380	5,847,136
Income on investments	454,875	2,016	3,370	43,549	503,810
Miscellaneous	994,006	28,177		218,569	1,240,752
Total revenues	<u>91,623,457</u>	<u>211,533</u>	<u>349,359</u>	<u>11,400,172</u>	<u>103,584,521</u>
Expenditures:					
Current:					
General government	4,065,962	392,659		304,018	4,762,639
Public safety	9,972,281			754,730	10,727,011
Public works and highway	5,034,388		10,762	2,914,590	7,959,740
Parks, recreation and libraries	2,150,226			523,436	2,673,662
Health and human services	1,649,142			766,081	2,415,223
Education	50,550,551			5,170,537	55,721,088
Pension and insurance	9,134,313			50,000	9,184,313
Capital outlay		8,132,371			8,132,371
Debt service	5,792,457			42,194	5,834,651
Total expenditures	<u>88,349,320</u>	<u>8,525,030</u>	<u>10,762</u>	<u>10,525,586</u>	<u>107,410,698</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,274,137</u>	<u>(8,313,497)</u>	<u>338,597</u>	<u>874,586</u>	<u>(3,826,177)</u>
Other Financing Sources (Uses):					
Transfers in	397,112	3,240,060		904,337	4,541,509
Transfers out	(3,677,397)	(62,000)		(802,112)	(4,541,509)
Total other financing sources (uses)	<u>(3,280,285)</u>	<u>3,178,060</u>	<u>-</u>	<u>102,225</u>	<u>-</u>
Net Change in Fund Balances	(6,148)	(5,135,437)	338,597	976,811	(3,826,177)
Fund Balances at Beginning of Year	<u>17,782,264</u>	<u>(2,507,358)</u>	<u>1,644,543</u>	<u>6,305,972</u>	<u>23,225,421</u>
Fund Balances at End of Year	<u>\$ 17,776,116</u>	<u>\$ (7,642,795)</u>	<u>\$ 1,983,140</u>	<u>\$ 7,282,783</u>	<u>\$ 19,399,244</u>

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TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (3,826,177)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	3,170,451
Depreciation expense	(4,872,033)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. (36,903)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(634,021)
Property tax receivable - accrual basis change	476,254
Property tax interest and lien revenue - accrual basis change	105,220
Sewer assessment receivable - accrual basis change	14,148
Net OPEB asset	(677,800)
Housing loans receivable	(12,659)
Net pension asset	306,037

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

Bond and note principal payments	4,368,876
Capital lease payments	176,655

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	1,011,731
Accrued interest	37,147
Amortization of deferred charge on refunding	(11,818)
Landfill post closure care	13,300

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

1,941,326

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>1,549,734</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental Activities
	Internal Service Funds
Assets:	
Cash and cash equivalents	\$ 6,276,831
Accounts receivable	80,688
Due from other funds	<u>110,000</u>
Total assets	<u>6,467,519</u>
Liabilities:	
Accounts and other payables	1,585
Risk management claims	<u>2,715,176</u>
Total liabilities	<u>2,716,761</u>
Net Assets:	
Unrestricted	\$ <u><u>3,750,758</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	Governmental Activities Internal Service Funds
Operating Revenues:	
Contributions for benefits	\$ 11,545,258
Other	287,047
Total contributions	<u>11,832,305</u>
Operating Expenses:	
Benefit claims	8,904,655
Claims administration	996,270
Total operating expenses	<u>9,900,925</u>
Operating Income	1,931,380
Nonoperating Revenue:	
Income on investments	<u>9,946</u>
Change in Net Assets	1,941,326
Net Assets at Beginning of Year	<u>1,809,432</u>
Net Assets at End of Year	<u><u>\$ 3,750,758</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT**PROPRIETARY FUNDS****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2010**

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 11,884,368
Cash payments to providers of benefits and administration	(8,952,274)
Net cash provided by operating activities	<u>2,932,094</u>
Cash Flows from Investing Activities:	
Income on investments	<u>9,946</u>
Net Increase in Cash and Cash Equivalents	2,942,040
Cash and Cash Equivalents at Beginning of Year	<u>3,334,791</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 6,276,831</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,931,380
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in receivables	52,063
Increase in accounts payable	<u>948,651</u>
Net Cash Provided by Operating Activities	<u><u>\$ 2,932,094</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Pension Trust Fund	Retiree Benefits Trust Fund	Agency Funds
Assets:			
Cash and cash equivalents	\$ 1,058,726	\$ 4,062,285	\$ 1,291,140
Investments - mutual funds	7,363,016		361,985
Investments - bonds	6,530,852		
Accounts receivable		71,725	
Total assets	<u>14,952,594</u>	<u>4,134,010</u>	<u>\$ 1,653,125</u>
Liabilities:			
Due to students and others			\$ 1,653,125
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 1,653,125</u>
Net Assets:			
Held in Trust for Pension, or Retiree Benefits	<u>\$ 14,952,594</u>	<u>\$ 4,134,010</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	Pension Trust Fund	Retiree Benefits Trust Fund
Additions:		
Contributions:		
Employer	\$ 1,116,866	\$ 1,285,645
Plan members	245,097	670,561
Total contributions	<u>1,361,963</u>	<u>1,956,206</u>
Investment income:		
Net appreciation in fair value of investments	930,253	
Interest and dividends	<u>488,369</u>	<u>6,178</u>
Net investment income	<u>1,418,622</u>	<u>6,178</u>
Total additions	<u>2,780,585</u>	<u>1,962,384</u>
Deductions:		
Benefits	834,065	1,184,481
Administration	<u>72,825</u>	<u>3,491</u>
Total deductions	<u>906,890</u>	<u>1,187,972</u>
Net Increase in Net Assets	1,873,695	774,412
Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>13,078,899</u>	<u>3,359,598</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 14,952,594</u>	<u>\$ 4,134,010</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

H. Compensated Absences

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

I. Long-Term Obligations

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

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

J. Fund Equity

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the RTM. No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were supplemental appropriations from fund balance of \$475,000 to supplement the pension fund, water assessment fund and the heart and hypertension fund

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

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

B. Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$7,642,795. The Building Usage Fund, a nonmajor special revenue fund, had a deficit fund balance of \$5,269. The Heart and Hypertension Fund, an internal service fund, had a deficit of \$930,490. These deficits will be funded by future transfers, grants, charges for services or permanent financing.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$22,952,648 of the Town's bank balance of \$29,970,649 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,238,446
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name, and amounts held by third party banks in the Town's name	<u>11,714,202</u>
Total Amount Subject to Custodial Credit Risk	\$ <u><u>22,952,648</u></u>

Cash Equivalents

At June 30, 2010, the Town's cash equivalents amounted to \$10,049,929. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

*Not rated

Investments

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

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
U.S. Treasury bonds	N/A	\$ 914,388	\$	\$ 716,987	\$ 197,401
Other debt securities	AAA	6,600,737	705,390	3,597,361	2,297,986
Corporate bonds	A-AAA	3,489,250	17,705	3,257,042	214,503
Corporate bonds	B-BBB-	258,951		258,951	
Corporate bonds	Not Rated	7,110		7,110	
Total		11,270,436	\$ 723,095	\$ 7,837,451	\$ 2,709,890
Other investments:					
Common stock		13,824			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual finds and exchange traded funds		7,598,724			
Total Investments		\$ 18,882,984			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2010, the Town had uninsured and unregistered securities held by the counterparty, or by its trust department or agent valued at \$11,284,333 that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Sewer Assessments</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 1,022,346	\$	\$	\$ 1,022,346
Taxes	2,979,388			2,979,388
Accounts	530,158		178,568	708,726
Special assessments		923,404	153,354	1,076,758
Intergovernmental	3,324,788		811,337	4,136,125
Loans			613,890	613,890
Gross receivables	<u>7,856,680</u>	<u>923,404</u>	<u>1,757,149</u>	<u>10,537,233</u>
Less allowance for uncollectibles	<u>(513,617)</u>			<u>(513,617)</u>
Net Total Receivables	<u>\$ 7,343,063</u>	<u>\$ 923,404</u>	<u>\$ 1,757,149</u>	<u>\$ 10,023,616</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 2,078,204	\$
Accrued interest	1,022,346	
Special assessments not yet due	1,076,757	
Grant drawdowns and unearned fees		695,478
School building grants	3,134,043	
Housing loans	613,890	
Advance tax collections and over collections		<u>3,405,691</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 7,925,240</u>	<u>\$ 4,101,169</u>

5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,887,869	\$	\$	\$ 12,887,869
Construction in progress	<u>1,090,496</u>	<u>1,123,040</u>		<u>2,213,536</u>
Total capital assets not being depreciated	<u>13,978,365</u>	<u>1,123,040</u>	<u>-</u>	<u>15,101,405</u>
Capital assets being depreciated:				
Buildings and improvements	102,210,998	279,415		102,490,413
Improvements other than buildings	1,482,158	44,995		1,527,153
Machinery and equipment	21,957,408	1,468,016	(168,891)	23,256,533
Infrastructure	<u>84,203,862</u>	<u>254,985</u>		<u>84,458,847</u>
Total capital assets being depreciated	<u>209,854,426</u>	<u>2,047,411</u>	<u>(168,891)</u>	<u>211,732,946</u>
Less accumulated depreciation for:				
Buildings and improvements	26,530,859	2,133,686		28,664,545
Improvements other than buildings	604,026	62,388		666,414
Machinery and equipment	12,453,738	1,184,349	(131,988)	13,506,099
Infrastructure	<u>53,233,816</u>	<u>1,491,610</u>		<u>54,725,426</u>
Total accumulated depreciation	<u>92,822,439</u>	<u>4,872,033</u>	<u>(131,988)</u>	<u>97,562,484</u>
Total capital assets being depreciated, net	<u>117,031,987</u>	<u>(2,824,622)</u>	<u>(36,903)</u>	<u>114,170,462</u>
Governmental Activities Capital Assets, Net	\$ <u>131,010,352</u>	\$ <u>(1,701,582)</u>	\$ <u>(36,903)</u>	\$ <u>129,271,867</u>

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

Governmental activities:	
General government	\$ 138,707
Public safety	450,172
Public works	2,757,450
Parks, recreation and libraries	62,488
Health and welfare	34,122
Education	<u>1,429,094</u>
Total Depreciation Expense - Governmental Activities	\$ <u>4,872,033</u>

Active Capital Projects

The Town has active projects as of June 30, 2010. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
BOE TriGeneration Project	\$ 1,021,600	\$ 1,021,600	\$	\$ -
School Roofs	500,000	485,103		14,897
Branford HS Track	400,000	369,199		30,801
High School Renovations	26,577,000	26,563,828	4,198	8,974
WIS Roof & Window Replacement	2,100,000	1,405,504	115,645	578,851
Capital Projects Fund	18,150,060	12,079,255	331,126	5,739,679
Blackstone Library Renovations	1,095,000	930,897		164,103
Queach Property Acq.	3,795,000	3,795,000		-
Tabor Drive Acquisition	10,900,000	9,827,907	41,015	1,031,078
Town Hall Renovation	3,615,000	3,613,024		1,976
EPA Consent Decree (1)	9,520,000	9,328,859	32,398	158,743
Fire Apparatus Fund	2,732,447	2,549,920		182,527
Trolley Trail	51,329	49,402		1,927
DPW Apparatus	617,210	376,686		240,524
Ambulance Fund	799,547	798,808		739
Elderly Commission Vehicle Replacement	40,000	38,082		1,918
Municipal Facilities Fund	540,515	450,126	77,441	12,948

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2010 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 260,426
General Fund	Capital Project Fund	2,478,118
Capital Project Fund	Nonmajor Governmental Funds	226,942
Capital Project Fund	General Fund	1,340,000
Internal Service Fund	General Fund	<u>110,000</u>
Total		<u>\$ 4,415,486</u>

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

Interfund transfers:

	Transfers In			Total Transfers Out
	General Fund	Capital Projects	Nonmajor Governmental	
Transfers out:				
General Fund	\$	\$ 2,835,060	\$ 842,337	\$ 3,677,397
Capital Projects			62,000	62,000
Nonmajor Governmental	<u>397,112</u>	<u>405,000</u>		<u>802,112</u>
Total Transfers In	\$ <u>397,112</u>	\$ <u>3,240,060</u>	\$ <u>904,337</u>	\$ <u>4,541,509</u>

All transfers represent routine transactions that occur annually to move resources from one fund to another.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 21,450,000	\$	\$ 3,015,000	\$ 18,435,000	\$ 3,125,000
Clean water notes	22,159,256		1,353,876	20,805,380	1,381,202
Less deferred amount refunding bonds	<u>(118,182)</u>		<u>(11,818)</u>	<u>(106,364)</u>	
Total bonds and notes payable	43,491,074	-	4,357,058	39,134,016	4,506,202
Landfill closure	1,356,300		13,300	1,343,000	131,767
Compensated absences	5,269,504		1,011,731	4,257,773	288,543
Risk management claims	1,766,829	948,347		2,715,176	1,221,886
Capital leases	<u>1,330,268</u>		<u>176,655</u>	<u>1,153,613</u>	<u>184,056</u>
Total Governmental Activities Long-Term Liabilities	\$ <u>53,213,975</u>	\$ <u>948,347</u>	\$ <u>5,558,744</u>	\$ <u>48,603,578</u>	\$ <u>6,332,454</u>

A schedule of bonds and notes outstanding at June 30, 2010 is presented below:

	Balance June 30, 2009	Issued	Retired	Balance June 30, 2010
General Obligation:				
School, 0.85-4.0%, mature in 2015	\$ 5,840,000	\$	\$ 1,120,000	\$ 4,720,000
School, 0.85-4.0%, mature in 2018	980,000		8,000	972,000
School, 4.0-5.0%, mature in 2019	3,904,000		706,000	3,198,000
Public improvement, 4.0-5.0%, mature in 2019	2,046,000		534,000	1,512,000
Public improvement, 3.375-5.0%, mature in 2022	3,225,000		250,000	2,975,000
Public improvement sewer, 0.85- 4.0% mature in 2018	1,963,000		16,000	1,947,000
Special Assessment:				
Sewer, 4.0-5.0%, mature in 2019	600,000		300,000	300,000
Sewer, 3.4-5.0%, mature in 2016	175,000		25,000	150,000
Sewer, 0.85-4.0%, mature in 2018	2,612,000		21,000	2,591,000
Water, 6.8-7.5%, mature in 2012	<u>105,000</u>		<u>35,000</u>	<u>70,000</u>
Total Bonds	21,450,000	-	3,015,000	18,435,000
State of Connecticut, CWF, 2%, mature in 2013	60,280		15,263	45,017
State of Connecticut, CWF, 2%, mature in 2019	678,522		67,455	611,067
State of Connecticut, CWF, 2%, mature in 2022	13,531,732		900,995	12,630,737
State of Connecticut, CWF, 2% mature in 2027	5,564,530		265,281	5,299,249
State of Connecticut, CWF, 2% mature in 2028	<u>2,324,192</u>		<u>104,882</u>	<u>2,219,310</u>
Total Bonds and Notes	<u>\$ 43,609,256</u>	<u>\$ -</u>	<u>\$ 4,368,876</u>	<u>\$ 39,240,380</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4,506,202	\$ 1,109,567	\$ 5,615,769
2012	4,544,081	959,136	5,503,217
2013	4,694,799	796,406	5,491,205
2014	4,780,004	627,443	5,407,447
2015	3,699,272	487,926	4,187,198
2016-2020	11,003,386	1,232,024	12,235,410
2021-2025	5,033,361	284,886	5,318,247
2026-2028	979,275	20,324	999,599
Total	<u>\$ 39,240,380</u>	<u>\$ 5,517,712</u>	<u>\$ 44,758,092</u>

Clean Water Fund Notes

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

General Obligation Bonds and Notes

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

Refundings

In prior years, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town’s financial statements. At June 30, 2010, \$5,205,000 of the defeased debt is outstanding.

Bond Anticipation Notes

The Town has outstanding bond anticipation notes of \$6,455,000 as of June 30, 2010. The notes are dated September 9, 2009, carry an interest rate of 2.00% and mature on September 8, 2010.

Bonds Authorized Unissued

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

<u>Project</u>	<u>Authorization</u>	<u>Bonds Previously Issued and Paydowns</u>	<u>Bonds Authorized Unissued</u>	<u>Bond Anticipation Notes Outstanding</u>
Fire Headquarters	\$ 425,000	\$	\$ 425,000	\$ 425,000
Tabor Drive	10,900,000	2,500,000	8,400,000	2,915,000
Queach Property	3,795,000	2,380,000	1,415,000	1,415,000
WIS Roof and Windows	2,100,000	14,897	2,085,103	1,400,000
School Ground and Road Bridge	2,250,000	148,875	2,101,125	
Fire Aerial Unit	300,000		300,000	300,000

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

<u>Category</u>	<u>(In Thousands)</u>		
	<u>Debt Limit</u>	<u>Indebtedness*</u>	<u>Balance</u>
General purpose	\$ 179,206	\$ 19,075	\$ 160,131
Schools	358,412	7,841**	350,371
Sewers	298,677	23,846	274,831
Urban renewal	258,853		258,853
Pension deficit	238,941		238,941

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$557,530.

* Includes bonds authorized unissued (\$14,726) and excludes water bonds outstanding of \$70.

** Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$3,134.

Capital Leases

The Town has entered into multi-year capital leases for the purchase of equipment. Principal payments for 2010 were \$176,655. The following is a summary of capital lease commitments as of June 30, 2010.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2011	\$ 228,988
2012	228,988
2013	228,987
2014	228,988
2015	108,003
2016-2019	288,010
Total minimum lease payments	1,311,964
Less amount representing interest	(158,351)
Present Value of Minimum Lease Payments	\$ <u>1,153,613</u>

8. RISK MANAGEMENT

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

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

The claims liability of \$950,959 reported in the Internal Service Fund at June 30, 2010 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2009-10	\$ 639,726	\$ 968,030	\$ 656,797	\$ 950,959
2008-09	738,231	524,070	622,575	639,726

The Heart and Hypertension Fund was established to account for the self-insured activities of the Town related to heart and hypertension claims. The claims liability of \$1,180,597 at June 30, 2010 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

		Liability	Current Year	Claim	Liability
		July 1,	Claims	Payments	June 30,
			and Changes		
			in Estimates		
2009-10	\$	959,517	\$ 555,831	\$ 334,751	\$ 1,180,597
2008-09		757,829	460,023	258,335	959,517

The Town created the Medical Self-Insurance Fund at the end of 2006. The fund will be used to pay claims for prescription drug costs and dental benefits. The claims liability of \$583,620 at June 30, 2010 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

		Liability	Current Year	Claim	Liability
		July 1,	Claims	Payments	June 30,
			and Changes		
			in Estimates		
2009-10	\$	167,586	\$ 7,380,143	\$ 6,964,109	\$ 583,620
2008-09		89,136	934,246	855,796	167,586

9. BULKY WASTE LANDFILL

The Town Landfill at the intersection of Tabor Drive and Marshall Road no longer accepts municipal solid waste, yet continues to accept bulky waste from the town transfer station, and serves as a Department of Environmental Protection (DEP)-approved site for placement of soils with certain contaminants.

State and Federal laws and regulations require the Town of Branford to place final cover on the landfill, and each year the Town appropriates funds for the placement of final cover on completed sections. In the 2009/2010 fiscal year, approximately one additional acre was capped. Approximately \$139,000 was expended for providing base material for grading; \$38,000 of the \$48,600 budget was expended for initial engineering work and construction administration in the 2009/10 fiscal year. The total area of the landform for which final cover is applied is estimated at 95%.

The Town received a \$400,000 grant from the DEP to cap the top of the landfill, which has all been expended and reimbursed as described in previous audit notes. It is anticipated that the placement of bulky waste will continue at the front of the landfill until the summer of 2011, with closure costs incurred in fiscal 11/12. Annual appropriations will continue to be placed in a special revenue fund for the final cover for this front section when it no longer receives waste. The balance of this account is currently \$148,172 including encumbrances. Based upon town estimates, it is anticipated that future closure costs, including building demolition and grading at the top of slope will be

approximately \$200,000. Associated engineering costs (e.g., landfill gas investigation, closure plan, postclosure land use planning, survey, design, bid assistance, construction administration, and closure certification report) will be approximately \$90,000. These estimates do not include postclosure costs. Improvements to stormwater quality, such as construction of a small wetland, might be required as part of closure activities, and is not counted in the above estimate. The Town is required to monitor and maintain the landfill for 30 years after closure. The estimated annual cost for this postclosure activity is \$35,100. These costs will be funded through the General Fund on an annual basis. Regulatory changes or acceleration of the schedule for closure of the landfill may require additional appropriations for the accelerated completion of the installation of final cover.

A 77-acre parcel located north of the active landfill was purchased by the Town through eminent domain in 2004. It overlays a portion of, and may be impacted by, the leachate plume originating from the landfill. Since houses had been proposed by a developer on this site, the Town took the proactive stance of purchasing the property to preclude incompatible development, since control of the plume and of any off-site gas migration is required. Environmental investigations and mitigation have begun on this property, with funds for the project on this adjoining acreage provided by bond proceeds that are separately addressed, but not totaled in past or future closure costs below. Environmental investigations on this large parcel are not confined to the area presumed to be impacted by the landfill, so only costs directly attributable to mitigation of landfill impacts have been mentioned in past notes. No money was spent in fiscal 2009/2010 on this sort of environmental mitigation. Site investigations for a possible public works complex on this parcel are not addressed in this note. Legal challenges are pending. Routine quarterly testing of wells on this parcel are now included in operating costs and in future monitoring costs.

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

Final Cover Cost and Grading Cost	\$ 200,000
Engineering Costs	90,000
Postclosure Care Costs (30 years):	
Inspection and Maintenance of Final Cover (\$15,400 annually)	462,000
Monitoring Program, Groundwater, Methane & Stormwater (\$19,700 annually)	<u>591,000</u>
Total	\$ <u><u>1,343,000</u></u>

10. JOINT VENTURES

Bristol Resource Recovery Facility Operating Committee

The Town is a participant with 13 other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the waste-to-energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of Town officials appointed by each of the participating municipalities, and assumes all the management decisions. The Town of Branford has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town expenditures to BRRFOC amounted to \$867,645 this year. General Fund unreserved, undesignated fund balance for fiscal year ended June 30, 2010 as reflected in BRRFOC's financial statements is \$12.05 million. A complete set of financial

statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

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

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Police Employees Retirement Plan

A. Plan Description

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

The Town provides police retirement benefits through a single employer, contributory, defined benefit plan. Under the plan, all regular members of the Police Department are eligible. Participants are 100% vested after five years of service. The retirement benefit is calculated at 2% of the highest annual salary out of the last three years immediately prior to retirement multiplied by up to 33-1/3 years of service. Police officers are required to contribute 6% of their base salaries to the PERS. The Plan provides for automatic post-retirement increases on retiree pensions up to a maximum of 66-2/3% of pay. If an employee leaves covered employment before five years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by the Town and may be amended only by the Representative Town Meeting.

At July 1, 2009 (date of latest valuation), PERS membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	33
Terminated employees entitled to benefits but not yet receiving them	4
Active plan members	<u>51</u>
Total	<u><u>88</u></u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

C. Funding Status and Progress

Police officers are required to contribute 6% of base pay to the PERS. The Town is required to contribute the amounts necessary to finance the coverage for its employees as determined by its actuaries; the contribution rate for the current year was 12.9% of covered payroll.

D. Annual Pension Cost and Net Pension Obligations

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

Annual required contribution	\$ 793,742
Interest on net pension obligation	(14,153)
Adjustment to annual required contribution	<u>16,240</u>
Annual pension cost	795,829
Contributions made	<u>1,101,866</u>
Decrease in net pension obligation	(306,037)
Net pension asset at beginning of year	<u>(188,706)</u>
Net Pension Asset at End of Year	\$ <u><u>(494,743)</u></u>

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

Actuarial valuation date	July 1, 2009
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	23 years closed
Asset valuation method	5 years smoothed asset value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	5.0%
Assumed inflation rate	4.0%

E. Trend Information

<u>Fiscal Year</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>	<u>Actual Contribution</u>
6/30/08	\$	782,285	102.6%	\$ (156,556)	\$ 802,960
6/30/09		774,619	104.2	(188,706)	806,769
6/30/10		795,829	138.5	(494,743)	1,101,866

Pension Plan Required Supplementary Information

<u>Schedule of Funding Progress</u>							
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) --Entry Age (b)</u>	<u>(Unfunded) AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((a-b)/c)</u>	
7/01/05	\$ 11,206,696	\$ 15,525,603	\$ (4,318,907)	72.2%	\$ 3,353,416	128.8%	
7/01/07	14,044,381	18,061,498	(4,017,117)	77.8	3,506,416	114.6	
7/01/09	15,681,847	20,691,823	(5,009,976)	75.8	3,993,027	125.5	

<u>Schedule of Employer Contributions</u>			
<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	
6/30/05	\$ 502,901	134 %	
6/30/06	707,592	95	
6/30/07	724,950	108	
6/30/08	781,134	103	
6/30/09	773,105	104	
6/30/10	793,742	139	

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

Municipal Employees' Retirement System

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

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 8.23% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2010, 2009 and 2008 were \$1,303,939, \$1,153,600 and \$1,107,502, respectively, equal to the required contributions for each year.

Teacher Retirement

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

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

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$31,483,463.

The retirement system for teachers is funded by the State of Connecticut based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2010, the Town has recorded in the General Fund intergovernmental revenue and education expenditures in the amount of \$3,584,206 as payments made by the State of Connecticut on behalf of the Town.

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

12. OTHER POSTEMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

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

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

A. Plan Description

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

At July 1, 2008, plan membership consisted of the following:

	<u>Post-Retirement Medical Program</u>
Retired members	94
Active plan members	606
	<hr/>
Total Participants	700
	<hr/>

B. Funding Policy

The Town of Branford's funding and payment of postemployment benefits are accounted for in both the General Fund and in an Internal Service Fund on a pay-as-you-go basis. The Town has established a trust effective July 2009 to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town has transferred the assets accumulated in a special revenue fund to the trust fund and will gradually increase future contributions to provide for normal cost and the amortization of the accrued liability while maintaining a negative net OPEB obligation (asset).

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

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

C. Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Benefit Program
Annual required contribution (ARC)	\$ 1,955,400
Interest on net OPEB obligation	(161,200)
Adjustment to annual required contribution	<u>169,200</u>
Annual OPEB cost	1,963,400
Contributions made	<u>1,285,600</u>
Increase in net OPEB obligation	677,800
Net OPEB asset at beginning of year	<u>(2,149,200)</u>
Net OPEB Asset at End of Year	<u><u>\$ (1,471,400)</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2010 and 2009, are presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset
6/30/10	\$ 1,963,400	\$ 1,285,645	65.48%	\$ 1,471,400
6/30/09	1,818,900	3,968,100	218.16%	2,149,200

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	OAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/08	\$ -	\$ 16,496,800	\$ (16,496,800)	0%	\$ 41,807,100	(39.46%)

Schedule of Employer Contribution

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/10	\$ 1,955,400	65.48%
6/30/09	1,818,900	218.16%

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.75% investment rate of return assuming a trust fund will be established, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate varies by age and between the various groups and ranges from 0% to 4.2%. The general inflation assumption is 10% for 2008, declining 1% per year until 2013, where it is carried at 5% for 2013 and future years. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2008 was 30 years.

13. LITIGATION

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

In a series of five (5) cases, Thomas Santa Barbara, Frank Perrotti, Jr. and New England Estates, L.L.C., allege that the Town acted improperly to acquire a parcel known as the Tabor property in Branford. On August 3, 2007, a judge of the Connecticut Superior Court rendered a decision in the valuation case fixing the property's value at \$4,600,000. Branford had deposited \$1,167,800, leaving an additional exposure of \$3,432,200. Subsequently in the civil rights case, a jury awarded \$12,775,914 and the trial judge awarded attorney's fees of \$1,764,566. The total of the awards is \$17,972,680. The Town appealed these awards. In addition to these sums, Messers. Santa Barbara and Perrotti and New England Estates, L.L.C., claim additional interest and costs. The Town appealed these awards.

On February 16, 2010, the Connecticut Supreme Court affirmed the decision in the valuation case fixing the property's value at \$4,600,000. On February 16, 2010, the Connecticut Supreme Court reversed the jury award in favor of New England Estates, L.L.C., and the decision awarding New

England Estates its attorney's fees. In the same decision, the Connecticut Supreme Court affirmed the jury award of \$340,000 in favor of Thomas Santa Barbara and Frank Perrotti, Jr., and remanded the case to the Connecticut Superior Court for consideration of the issues of their attorney's fees.

Subsequent to the decisions of the Connecticut Supreme Court on February 16, 2010, the Town resolved all of the Tabor property litigation described above and received full general releases from all interested parties. The cases are now closed.

14. SUBSEQUENT EVENTS

The Town issued \$12,770,000 of general obligation bonds dated September 1, 2010 for various projects. The bonds will mature serially from 2011-2025 and bear interest at rates ranging from 2% to 2.75%.

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
Taxes:				
Current Taxes	\$ 76,419,707	\$ 76,419,707	\$ 77,203,371	\$ 783,664
Interest Income	505,000	505,000	410,939	(94,061)
Lien Fees	8,000	8,000	5,314	(2,686)
Suspense Collections	23,000	23,000	11,145	(11,855)
Delinquent Taxes	588,684	588,684	865,079	276,395
Warrant Fees			6,432	6,432
Returned Check Fees			75	75
Attorney Fees			7,347	7,347
Total taxes	<u>77,544,391</u>	<u>77,544,391</u>	<u>78,509,702</u>	<u>965,311</u>
Intergovernmental Revenues:				
Education Cost Sharing	1,583,186	1,583,186	1,467,692	(115,494)
School Transportation	171,758	171,758	109,390	(62,368)
Health and Welfare	28,236	28,236	36,478	8,242
Principal Subsidy	382,458	382,458	634,020	251,562
Interest Subsidy	87,215	87,215	148,668	61,453
Circuit Breaker Elderly	205,000	205,000	199,876	(5,124)
Elderly Tax Relief - Freeze	11,000	11,000	12,000	1,000
Boat Exemption			50,338	50,338
Disability Exemption	2,300	2,300	2,665	365
Veterans' Reimbursement	26,000	26,000	28,174	2,174
Manufacturing PILOT Grant	345,000	345,000	381,362	36,362
Pequot Grant	83,761	83,761	58,024	(25,737)
Private Property Exemption	118,046	118,046	117,823	(223)
State Property Exemption	59,398	59,398	59,498	100
State Counseling Grants	121,000	121,000	110,883	(10,117)
Miscellaneous State Grants			18,450	18,450
COPS Fast			55,271	55,271
Universal Hiring Grant			60,071	60,071
Municipal Video Competition Grant			19,717	19,717
Wildlife Refuge	3,000	3,000	2,278	(722)
North Branford Sewer Fees	172,000	172,000	176,065	4,065
Total intergovernmental revenues	<u>3,399,358</u>	<u>3,399,358</u>	<u>3,748,743</u>	<u>349,385</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Licenses, Permits and Fees:				
Building Permits	\$ 395,000	\$ 395,000	\$ 410,457	\$ 15,457
Excavation Permits			8,190	8,190
Sewer Connection Permits	150	150	138	(12)
Other Licenses and Permits	100	100		(100)
Zoning Board of Appeals	5,000	5,000	3,635	(1,365)
Planning and Zoning	20,000	20,000	23,450	3,450
Map Copies - Building and Engineering	1,228	1,228	1,212	(16)
Inland Wetlands Applications	7,000	7,000	10,097	3,097
Inland Wetlands Citations	1,500	1,500		(1,500)
DEP Application Costs			402	402
Education Fee			342	342
Transfer Station Escrow	46,000	46,000	78,439	32,439
Trip Passes	2,900	2,900	2,754	(146)
Sticker Revenue			27,180	27,180
Permits and Tags - Police	9,000	9,000	22,220	13,220
Special Wages - Police	350,000	350,000	481,146	131,146
False Alarm Fees	10,000	10,000	6,250	(3,750)
Pump Out Services			11,475	11,475
Town Clerk Other Monies	250,000	250,000	319,954	69,954
Conveyance Taxes	340,000	340,000	314,182	(25,818)
DEP Licenses - Town Portion	700	700	551	(149)
Marriage Licenses - Town Portion	2,100	2,100	2,794	694
Dog Licenses	5,500	5,500	4,763	(737)
Ambulance Service Fees	1,175,000	1,175,000	1,567,569	392,569
Miscellaneous Permits and Fees - Fire Services			1,980	1,980
Counseling Fees and Services	370,000	370,000	391,378	21,378
Counseling - United Way Contribution			128	128
Counseling Center Donations	20,000	20,000		(20,000)
E-Commerce Revenue Share			70	70
Total licenses, permits and fees	<u>3,011,178</u>	<u>3,011,178</u>	<u>3,690,756</u>	<u>679,578</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Interest Income	\$ 336,000	\$ 336,000	\$ 454,875	\$ 118,875
Other:				
Willoughby - Wallace Library Fees	6,300	6,300	4,655	(1,645)
Willoughby - Passport Fees	4,000	4,000	2,470	(1,530)
Employee Health Insurance Co-pay	385,000	385,000	353,446	(31,554)
In Lieu of Taxes - Telephone Access	190,000	190,000	108,122	(81,878)
In Lieu of Taxes - SCRW	185,000	185,000	208,214	23,214
Leases	4,000	4,000	4,001	1
Building Usage			1,300	1,300
NGO Revenue			300	300
Insurance Claims and Refunds	10,000	10,000	51,070	41,070
Miscellaneous Refunds			28	28
Miscellaneous Income	10,000	10,000	120,109	110,109
Sale of Town Property	7,000	7,000	107,933	100,933
Reimbursement Town Services			6,762	6,762
Board of Education - Tuition Reimbursement			25,290	25,290
COBRA/Dental Reimbursement			131	131
Returned Check Fees			175	175
Under Liquidated Encumbrances			2,324	2,324
Total other	<u>801,300</u>	<u>801,300</u>	<u>996,330</u>	<u>195,030</u>
Total revenues	85,092,227	85,092,227	87,400,406	2,308,179
Other Financing Sources:				
Transfers in	<u>394,750</u>	<u>394,750</u>	<u>397,112</u>	<u>2,362</u>
Total Revenue and Other Financing Sources	<u>\$ 85,486,977</u>	<u>\$ 85,486,977</u>	87,797,518	<u>\$ 2,310,541</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted. 3,584,206

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

(2,324)

The Board of Education does not budget for certain intergovernmental grants which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.

641,169

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

\$ 92,020,569

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Legislative	\$ 16,654	\$ 16,654	\$ 14,858	\$ 1,796
Executive	335,206	335,206	325,828	9,378
Finance	72,489	72,489	69,544	2,945
Treasurer	375,849	381,599	374,249	7,350
Assessor	377,060	377,060	350,676	26,384
Review of Assessment	18,897	18,897	15,452	3,445
Tax Collector	324,169	318,419	273,758	44,661
Town Clerk	211,827	211,827	211,315	512
Law	447,400	447,400	375,854	71,546
Labor Relations Negotiations	80,000	70,000	44,621	25,379
Probate Court	9,200	9,200	8,404	796
Elections	102,988	102,988	89,753	13,235
Planning and Zoning	267,001	267,001	254,380	12,621
Zoning Board of Appeals	8,478	8,478	6,408	2,070
Development Commission	11,150	11,150	10,965	185
Inland Wetlands Commission	98,691	98,691	95,284	3,407
General Government Buildings	769,874	769,874	711,805	58,069
Cable Television	4,950	4,950	3,392	1,558
Electronic Data Processing	607,260	607,260	606,308	952
Human Resources	229,908	229,908	223,203	6,705
Total	<u>4,369,051</u>	<u>4,359,051</u>	<u>4,066,057</u>	<u>292,994</u>
Public Safety:				
Police Service	4,818,112	5,182,186	5,182,171	15
Police Service - Special Detail	350,000	414,985	414,985	-
Fire Protection	3,800,157	4,211,239	4,210,604	635
Building Department	148,969	148,969	147,682	1,287
Total	<u>9,117,238</u>	<u>9,957,379</u>	<u>9,955,442</u>	<u>1,937</u>
Public Works and Highways:				
Public Works	2,079,880	2,079,880	1,995,360	84,520
Sanitation and Waste	2,922,911	2,922,911	2,786,337	136,574
General Engineering	243,985	243,985	240,576	3,409
Total	<u>5,246,776</u>	<u>5,246,776</u>	<u>5,022,273</u>	<u>224,503</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Recreation:				
Branford Recreation Department	\$ 788,041	\$ 788,041	\$ 769,409	\$ 18,632
Parker Park	66,369	66,369	62,647	3,722
Young's Park Commission	8,242	8,242	6,703	1,539
Docks and Recreational Facilities	13,501	13,501	9,058	4,443
Public Celebration	29,370	29,370	27,404	1,966
Conservation Commission	6,157	6,157	5,952	205
Total	911,680	911,680	881,173	30,507
Libraries:				
James Blackstone Memorial Library	1,074,100	1,074,100	1,074,100	-
Willoughby-Wallace Library	192,790	192,790	191,950	840
Total	1,266,890	1,266,890	1,266,050	840
Health and Welfare:				
Human Services	1,144,000	1,144,000	1,138,747	5,253
Commission for the Elderly	350,684	350,684	320,983	29,701
East Shore District Health	189,412	189,412	189,412	-
Total	1,684,096	1,684,096	1,649,142	34,954
Board of Education	46,738,219	46,738,219	46,325,175	413,044
Pension and Insurance:				
Pension and Contributions	2,850,133	3,155,133	3,016,640	138,493
Employee Group Insurance	4,363,372	4,363,372	4,363,371	1
Municipal Insurance	1,639,425	1,749,425	1,747,450	1,975
Contingency	947,461	36,320		36,320
Total	9,800,391	9,304,250	9,127,461	176,789
Debt Service:				
Principal Retirement	4,223,875	4,332,875	4,333,875	(1,000)
Interest and Fiscal Charges	1,507,364	1,483,364	1,458,582	24,782
Total	5,731,239	5,816,239	5,792,457	23,782
Total expenditures	84,865,580	85,284,580	84,085,230	1,199,350

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 117,037	\$ 117,037	\$ 117,037	\$ -
Open Space Fund	30,300	30,300	30,300	-
Special Programs Fund	10,000	10,000	10,000	-
Revaluation Fund	62,000	62,000	62,000	-
Sewer Utility Fund	600,000	600,000	600,000	-
Water Assessment Fund	85,000	85,000	85,000	-
Capital Projects Fund:				
Ambulance	75,000	75,000	75,000	-
Fire Apparatus	175,000	175,000	175,000	-
DPW Apparatus	95,000	95,000	95,000	-
Capital Procurement Fund	2,372,060	2,428,060	2,428,060	-
Total other financing uses	<u>3,621,397</u>	<u>3,677,397</u>	<u>3,677,397</u>	<u>-</u>
Total Budgeted Operations	\$ <u>88,486,977</u>	\$ <u>88,961,977</u>	87,762,627	\$ <u>1,199,350</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			3,584,206	
The Board of Education does not budget for certain intergovernmental grants which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.			641,169	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.			<u>38,715</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 92,026,717</u>	

JOSEPH FASI LLC

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A T T O R N E Y S A T L A W

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FORM OF OPINION OF BOND COUNSEL – Bonds

Town of Branford
Branford, Connecticut

Ladies and Gentlemen:

We have represented the Town of Branford, Connecticut as bond counsel with respect to the issuance and sale of \$13,080,000 Town of Branford General Obligation Bonds, Issue of 2011, Series B, bearing a Dated Date of August 18, 2011 and an Original Issue Date of August 18, 2011 (the "bonds").

We have examined a record of the proceedings authorizing the bonds, a Tax Regulatory Agreement of the Town dated August 18, 2011 (the "Tax Regulatory Agreement"), and other proofs submitted to us.

The bonds are subject to redemption prior to maturity as therein provided. The bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company, to effect a book-entry system for the ownership and transfer of the bonds, and are certified by U.S. Bank National Association, Hartford, Connecticut (the "Certifying Agent").

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 (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto.

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 statutes of the State of Connecticut and that when certified by the Certifying Agent the bonds are valid and binding general obligations of the Town of Branford payable both principal and interest 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 land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land 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 upon its power to tax such dwelling houses. 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 subsequent to the issuance and delivery of the bonds in order that interest on the bonds not be included in gross income under Section 103 of the Code. 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 not be included in the gross income of the owners thereof for Federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the bonds is not included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the bonds is, however, includable in the adjusted current earnings of a corporation (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax imposed on corporations. We express no opinion regarding 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 income 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) continuing 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 other State income tax consequences caused by ownership or disposition of the bonds.

Respectfully yours,

JOSEPH FASI LLC

JOSEPH FASI LLC

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HARTFORD, CONNECTICUT 06106

A T T O R N E Y S A T L A W

TELEPHONE (860)296-0510
FACSIMILE (860)296-0541

FORM OF OPINION OF BOND COUNSEL – Notes

Town of Branford
Branford, Connecticut

Ladies and Gentlemen:

We have represented the Town of Branford, Connecticut as bond counsel with respect to the issuance and sale of \$2,975,000 Town of Branford General Obligation Bond Anticipation Notes, bearing a Dated Date and an Original Issue Date of August 18, 2011, maturing August 16, 2012 (the "notes").

We have examined a record of the proceedings of authorizing the notes, a Tax Regulatory Agreement of the Town dated August 18, 2011 (the "Tax Regulatory Agreement"), and other proofs submitted to us.

The notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company, to effect a book-entry system for the ownership and transfer of the notes, and are certified by U.S. Bank National Association, Hartford, Connecticut (the "Certifying Agent").

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 (except to the extent, if any, stated in such Official Statement) and we express no opinion relating thereto.

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 statutes of the State of Connecticut and that when certified by the Certifying Agent the notes are a valid and binding general obligation of the Town of Branford payable both principal and interest 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 land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land 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 upon its power to tax such dwelling houses. 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 subsequent to the issuance and delivery of the notes in order that interest on the notes not be included in gross income under Section 103 of the Code. 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 not be included in the gross income of the owners thereof for Federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the notes is not included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the notes is, however, includable in the adjusted current earnings of a corporation (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax imposed on corporations. We express no opinion regarding 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 income 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) continuing 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 other State income tax consequences caused by ownership or disposition of the notes.

Respectfully yours,

JOSEPH FASI LLC

TAX EXEMPTION – Bonds and Notes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to delivery of the Bonds and Notes in order that interest on the Bonds and Notes not be included in gross income under Section 103 of the Code. The Tax Regulatory Agreement, which will be executed and delivered by the Issuer concurrently with the Bonds and Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Issuer 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 Notes shall not be included in gross income of owners thereof for purposes of Federal income taxation under the Code. Failure to comply with the continuing requirements of the Code may cause the interest on the Bonds and Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and Notes irrespective of the date on which non compliance occurs. In rendering its opinion, Bond Counsel relies on the continuing compliance by the Town with the Tax Regulatory Agreement.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Issuer with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds and Notes is not included in the gross income of the owners thereof for purposes of Federal income taxation and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the Bonds is, however, includable in the adjusted current earnings of corporations (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax on corporations.

Ownership of the Bonds and 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 and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds and Notes. Prospective purchasers of the Bonds and 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 the Bonds and Notes.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and 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. Prospective purchasers of the Bonds and Notes are advised to consult their own tax advisors regarding the state and local tax consequences of ownership and disposition of the Bonds and Notes.

ORIGINAL ISSUE DISCOUNT

The following is a general discussion of Original Issue Discount and not an opinion of Bond Counsel.

The initial public offering prices of certain maturities of the Bonds (the "OID Bonds") may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount ("OID"). The offering prices relating to the yields set forth on the cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

In general, under the Code, for purposes of determining an owner's adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds, should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

ORIGINAL ISSUE PREMIUM

The following is a general discussion of Original Issue Premium and not an opinion of Bond Counsel.

The initial public offering prices of certain maturities of the Bonds (the “OIP Bonds”) may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the treatment of bond premium for state and federal income tax purposes, including special rules regarding the consequences of ownership, amortization of bond premium, basis, and gain or loss from the sale or exchange of OIP Bonds.

APPENDIX C-1 – FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS

CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF BRANFORD, CONNECTICUT

Dated As Of August 18, 2011

In Connection With The Issuance And Sale Of

\$13,080,000 Town Of Branford, Connecticut

General Obligation Bonds, Issue of 2011, Series B,

Dated August 18, 2011

WHEREAS, the Town of Branford, Connecticut (the "Issuer") has heretofore authorized the issuance of \$13,080,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2011, Series B (the "Bonds") to be dated August 18, 2011 and to mature in the principal amounts and on the dates set forth in the Issuer's Official Statement describing the Bonds (the "Official Statement"); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Issuer 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 Issuer desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Public Act 95-270 enacted by the Connecticut General Assembly to make 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 is to be made, executed and delivered in connection with the issuance of the Bonds, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, THE ISSUER 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 Issuer pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

"Fiscal Year End" shall mean the last day of the Issuer's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. For purposes of this agreement, continuing disclosure information will be filed where approved from time to time by the MSRB, and which as of the date hereof means:

<http://emma.msrb.org>

Section 2. Annual Reports.

A. The Issuer shall provide or cause to be provided to the MSRB, the following annual financial information and operating data regarding the Issuer:

1) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, 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

2) 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 1) 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 or 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 direct debt, net direct debt and overall net debt (reflecting overlapping and underlying debt);
- (f) the direct debt and overall net debt of the Issuer per capita;
- (g) the ratios of direct debt and overall net debt of the Issuer to the Issuer's equalized net (taxable) grand list;
- (h) a statement of statutory debt limitations and debt margins;
- (i) the funding status of the Issuer's pension benefit obligation.

B. The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's Annual Report. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB. The information will be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

C. Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer 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 Issuer shall provide the information and 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 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 Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information within a reasonable time.

Section 4. Event Notices. The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of 10 business days after the occurrence of the event to the MSRB, notice of the occurrence of any of the following events:

- a) principal and interest payment delinquencies;
- b) non-payment related defaults, if material;
- c) unscheduled draws on debt service reserves reflecting financial difficulties;
- d) unscheduled draws on credit enhancements reflecting financial difficulties;
- e) substitution of credit or liquidity providers, or their failure to perform;
- f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- g) modifications to rights of security holders, if material;
- h) bond calls, if material, and tender offers;
- i) defeasances;
- j) release, substitution or sale of property securing repayment of the securities, if material;
- k) rating changes;
- l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2.A of this Continuing Disclosure Agreement.

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

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

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure 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 Issuer, 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) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the 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 MSRB. The annual financial information 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 operating or financial information provided.

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

Section 10. Indemnification. The Issuer agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to any agent's negligence or misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of any agent and payment of the Bonds.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer 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 Issuer 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 enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

[Signature Page Follows]

CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF BRANFORD, CONNECTICUT

Dated As Of August 18, 2011

In Connection With The Issuance And Sale Of

\$13,080,000 Town Of Branford, Connecticut

General Obligation Bonds, Issue of 2011, Series B,

Dated August 18, 2011

IN WITNESS WHEREOF, the Issuer 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 BRANFORD, CONNECTICUT

By _____
Anthony J. DaRos
First Selectman

By _____
John E. Opie
Selectman

By _____
Francis W. Walsh, Jr.
Selectman

By _____
Peter A. Banca
Treasurer

By _____
James P. Finch, Jr.
Finance Director

APPENDIX C-2 – FORM OF CONTINUING DISCLOSURE AGREEMENT – THE NOTES

CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF BRANFORD, CONNECTICUT

Dated As Of August 18, 2011

In Connection With The Issuance And Sale Of

\$2,975,000 Town Of Branford, Connecticut

General Obligation Bond Anticipation Notes, Dated August 18, 2011

WHEREAS, the Town of Branford, Connecticut (the "Issuer") has heretofore authorized the issuance of \$2,975,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes (the "Notes") bearing a Dated Date of August 18, 2011, maturing on August 16, 2012, said Notes as more fully described in the Issuer's Final Official Statement describing the Notes and prepared in connection with their sale (the "Official Statement"); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the Issuer has undertaken in a written agreement for the benefit of the beneficial owners of the notes to provide notices of material events as required by Securities and Exchange Commission Rule 15c2-12(b)(5) as amended from time to time (the "Rule"), and the Issuer desires to assist the underwriter of the notes in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Public Act 95-270 enacted by the Connecticut General Assembly to make 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 is to be made, executed and delivered in connection with the issuance of the Notes, all for the benefit of the beneficial owners of the Notes, as they may be from time to time;

NOW, THEREFORE, THE ISSUER 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 Continuing Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. For purposes of this agreement, continuing disclosure information will be filed where approved from time to time by the MSRB, and which as of the date hereof means:

<http://emma.msrb.org>

Section 2. Event Notices. The Issuer agrees to provide or cause to be provided in a timely manner not in excess of 10 business days after the occurrence of the event to the MSRB, notice of the occurrence of any of the following events:

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

Section 3. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure 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 Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the 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 MSRB.

Section 6. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

Section 7. Indemnification. The Issuer agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to any agent's negligence or misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of any agent and payment of the Notes.

Section 8. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of the beneficial owners of the Notes and shall be enforceable by them. In the event the Issuer shall fail to perform its duties hereunder, the Issuer 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 Issuer 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 enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

[Signature Page Follows]

CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF BRANFORD, CONNECTICUT

Dated As Of August 18, 2011

In Connection With The Issuance And Sale Of

\$2,975,000 Town Of Branford, Connecticut

General Obligation Bond Anticipation Notes, Dated August 18, 2011

IN WITNESS WHEREOF, the Issuer 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 BRANFORD, CONNECTICUT

By _____
Anthony J. DaRos
First Selectman

By _____
John E. Opie
Selectman

By _____
Francis W. Walsh, Jr.
Selectman

By _____
Peter A. Banca
Treasurer

By _____
James P. Finch, Jr.
Finance Director

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

TOWN OF BRANFORD, CONNECTICUT

\$13,080,000

GENERAL OBLIGATION BONDS, ISSUE OF 2011, SERIES B

AND

\$2,975,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES

Bids will be received by the Town of Branford, Connecticut (the "Issuer"), at the Office of the Finance Director, Branford Town Hall, 1019 Main Street, Branford, Connecticut 06405 on **Tuesday, July 26, 2011** for the purchase of:

\$13,080,000 General Obligation Bonds
(the "Bonds")

NOT BANK QUALIFIED

until 11:30 A.M. (E.D.T.)

Bonds: ELECTRONIC BIDS only via *PARITY*®

\$2,975,000 General Obligation Bond Anticipation Notes

Dated: August 18, 2011

Due: August 16, 2012

(the "Notes")

NOT BANK QUALIFIED

until 11:00 A.M. (E.D.T.)

Notes: SEALED PROPOSALS and ELECTRONIC BIDS via *PARITY*®

Separate forms of proposal will be provided for the Bonds and the Notes. Bidders may submit proposals for either the Bonds or the Notes, and are not required to submit proposals for each.

The Notes

The Notes will be dated August 18, 2011, will be payable to the registered owner on August 16, 2012 and are not subject to redemption prior to maturity. They will bear interest (which interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months) 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 1/100 of 1% per annum.

The Bonds

The Bonds will be dated August 18, 2011, maturing August 15 in each of the years as follows: \$625,000 in the years 2012 and 2013; \$850,000 in the year 2014; \$925,000 in each of the years 2015 through 2025; and \$805,000 in the year 2026, bearing interest payable semi-annually on February 15 and August 15 in each year until maturity, commencing February 15, 2012.

Redemption – The Bonds

The Bonds maturing on or before August 15, 2016 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2017 and thereafter are subject to redemption prior to maturity, at the election of the Issuer, on and after August 15, 2016, 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 Issuer may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

	<u>Redemption Dates</u>	<u>Redemption Price</u>
From:	August 15, 2016 and thereafter	100%

The Bonds and Notes will be issued by means of a book-entry system with no physical distribution of bond or note certificates made to the public. The Bonds and Notes will be issued in registered form and one bond certificate for each maturity 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. The book-entry system will evidence ownership of the Bonds and 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 bidders, as a condition to delivery of the Bonds and Notes, will be required to deposit the bond and note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds and Notes will be payable by the Issuer or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds and Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of 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 Issuer 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.

Submitting Proposals - Notes

Proposals for the purchase of said Notes must be in the form of proposal for purchase attached hereto. A proposal may be for all or any part of the Notes but any proposal for a part must be for a minimum of \$100,000, of principal amount per interest rate bid, or a whole multiple thereof, except that one such proposal for a part may include the odd \$175,000, of the principal per interest rate bid, and the total of all principal amounts bid shall not exceed \$2,975,000.

Sealed proposals for the Notes, must be enclosed in sealed envelopes marked "Proposal for Notes", and addressed to Anthony J. DaRos, First Selectman; John E. Opie, Selectman; Francis W. Walsh, Jr., Selectman; and Peter A. Banca, Treasurer, Town of Branford, c/o Office of the Finance Director, Branford Town Hall, 1019 Main Street, Branford, Connecticut 06405.

Unless all bids are rejected 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 to the Issuer, 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 Issuer reserves the right to award to any bidder all or any part of the Notes bid for in his proposal. If a bidder is awarded only a part of the Notes bid for in his proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Issuer 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 places. The purchase price must be paid in Federal Funds.

Submitting Proposals - Bonds

Proposals for the purchase of said Bonds will be accepted electronically via **PARITY**® only, and must be in the form of proposal for purchase attached hereto. Each bid must be for the entire \$13,080,000 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 360-day year consisting of twelve 30-day months. No bid for less than par and accrued interest will be considered. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

For the purposes of determining the successful bidder, the true interest cost to the Issuer will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to August 18, 2011, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to August 18, 2011, 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 purchase price must be paid in Federal Funds.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Notes must be submitted through the facilities of **PARITY**[®] until 11:00 A.M. (E.D.T.); and for the Bonds until 11:30 A.M. (E.D.T.); on Tuesday, July 26, 2011. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], c/o i-Deal LLC, 1359 Broadway, 2nd Floor New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Issuer neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**[®] is communicated to the Issuer, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Issuer. By submitting a bid for the Bonds and/or Notes via **PARITY**[®], the bidder represents and warrants to the Issuer that such bidder's bid for the purchase of the Bonds and/or Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds and/or Notes on the terms described in this Notice. **The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

Disclaimer. Each of **PARITY**[®] prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer nor **PARITY**[®] shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Issuer or **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Issuer is using **PARITY**[®] as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds and/or Notes. The Issuer is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All cost and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds and/or Notes, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY**[®], this Notice shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY**[®] shall constitute the official time.

The Bonds and Notes will be general obligations of the Issuer payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Issuer and under existing statutes the State of Connecticut is obligated to pay to the Issuer the amount of tax revenue which the Issuer would have received except for the limitation upon its power to tax such dwelling houses.

The Bonds and Notes will be certified by U.S. Bank National Association. The legality of the issue will be passed upon by Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut, and the winning bidders will be furnished with their opinion without charge. The winning bidders will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to said firm, a confirmed copy of the Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Issuer relating to the accuracy and completeness of information contained in the Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions interest on the Bonds and the Notes (i) is not included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not treated as a preference item for purposes of computing the Federal alternative minimum tax; such interest is, however, includable in the adjusted current earnings of a corporation (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax imposed on corporations under the Code.

Under existing statutes, the interest on the Bonds and 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 Federal alternative minimum tax.

In rendering the legal opinion, Joseph Fasi LLC 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 Issuer for the benefit of the owners of the Bonds and Notes, and further, will assume continuing compliance by the Issuer 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.

The Bonds and the Notes shall NOT be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expense allocable to the Bonds and Notes.

IT SHALL BE THE RESPONSIBILITY OF THE WINNING BIDDER OF THE BONDS AND OF THE NOTES TO CERTIFY TO THE ISSUER BEFORE DELIVERY OF THE BONDS AND OF THE NOTES AND IN A MANNER SATISFACTORY TO BOND COUNSEL THE PRICES AT WHICH A SUBSTANTIAL AMOUNT OF THE BONDS OF EACH MATURITY AND OF THE NOTES WERE INITIALLY OFFERED AND SOLD TO THE PUBLIC.

The Bonds and Notes will be delivered to DTC or its Agent via "Fast" on or about August 18, 2011. The deposit of the Bonds and Notes with DTC 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 and Notes prior to delivery, and the Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds and Notes with DTC due to the failure of the winning bidder to obtain such numbers and to supply them to the Issuer in a timely manner. The Issuer 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 the purchaser.

The Bonds and Notes will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (Hartford time) on July 26, 2011. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

For more information regarding this issue and the Issuer, reference is made to the Official Statement. Bid forms and copies of the Official Statement dated July 20, 2011, may be obtained from Mark Chapman, Director, Independent Bond and Investment Consultants LLC, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, (203) 245-7264. The Official Statement is in a form "deemed final" by the Issuer for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Issuer will provide to the winning bidder of the Bonds 100 copies of the Official Statement and to the winning bidder of the Notes 15 copies of the Official Statement, prepared for this Bond and Note issue at the Issuer's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. If the Issuer's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds and Notes.

With respect to the Bonds, the Issuer 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. With respect to the Notes, the Issuer will undertake in a Continuing Disclosure Agreement to provide timely notice of the occurrence of certain material events.

The winning bidder's obligation to purchase the Bonds or Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds or Notes, an executed copy of the Continuing Disclosure Agreement, as applicable.

Anthony J. DaRos
First Selectman

John E. Opie
Selectman

Francis W. Walsh, Jr.
Selectman

Peter A. Banca
Treasurer

July 20, 2011

(See attached for forms of Proposal for Purchase)

PROPOSAL FOR BONDS
ONLY Electronic Bids via **PARITY**® Accepted

July 26, 2011

Anthony J. DaRos, First Selectman
John E. Opie, Selectman
Francis W. Walsh, Jr., Selectman
Peter A. Banca, Treasurer
Town of Branford
c/o Office of the Finance Director
Branford Town Hall
1019 Main Street
Branford, Connecticut 06405

Gentlemen:

Subject to the provisions of the Notice of Sale dated July 20, 2011, which Notice is made a part of this proposal, we offer to purchase all \$13,080,000 bonds of the Town of Branford comprising the issue described in said notice 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:

Year of Maturity	Principal Amount	Interest Rate	Year of Maturity	Principal Amount	Interest Rate
2012	\$625,000	_____ %	2020	\$925,000	_____ %
2013	\$625,000	_____ %	2021	\$925,000	_____ %
2014	\$850,000	_____ %	2022	\$925,000	_____ %
2015	\$925,000	_____ %	2023	\$925,000	_____ %
2016	\$925,000	_____ %	2024	\$925,000	_____ %
2017	\$925,000	_____ %	2025	\$925,000	_____ %
2018	\$925,000	_____ %	2026	\$805,000	_____ %
2019	\$925,000	_____ %			

(Name of Bidder)

(Mailing Address)

(Telephone Number)

(Authorized Signature)

(Facsimile Number)

The following is our computation of the 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 \$13,080,000 bonds under the foregoing proposal:

Gross Interest	\$ _____
Less Premium Bid Over Par	\$ _____
Net Interest Cost	\$ _____
Percent True Interest Cost	_____ %
	(Four Decimals)

PROPOSAL FOR NOTES
Sealed Proposals or Electronic Bids via **PARITY**® Accepted

July 26, 2011

Anthony J. DaRos, First Selectman
John E. Opie, Selectman
Francis W. Walsh, Jr., Selectman
Peter A. Banca, Treasurer
Town of Branford
c/o Office of the Finance Director
Branford Town Hall
1019 Main Street
Branford, Connecticut 06405

Ladies and Gentlemen:

Subject to the provisions of the Notice of Sale dated July 20, 2011, which Notice is made a part of this proposal, we offer to purchase the indicated principal amount of \$2,975,000 of Town of Branford General Obligation Bond Anticipation Notes and to pay therefor par and accrued interest, if any, to the date of delivery, and pay the premium specified below, if any (and we provide our computations of net interest cost carried to four decimals and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal) as follows:

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

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of Notes in Federal Funds on the date of the Notes or as soon thereafter (but no later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the Issuer.

(Name of Bidder)

(Mailing Address)

(Telephone Number)

(Authorized Signature)

(Facsimile Number)