



*Financial Statements and
Supplemental Schedules*

Town of Branford

Year Ended June 30, 2005
With Independent Auditors' Report



Scully & Wolf, LLP
*Certified Public Accountants
and Consultants*

TOWN OF BRANFORD, CONNECTICUT

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Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033

INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Branford
Branford, Connecticut

Dear Members of the Board:

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, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2005 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 43 through 48 are not a required part 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, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

October 31, 2005

Scully + Wolf LLP

TOWN OF BRANFORD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS **FOR THE YEAR ENDED JUNE 30, 2005**

This discussion and analysis of the Town of Branford, Connecticut's ("Town") financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2005. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts in this MD&A are expressed in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

- Net assets of our governmental activities increased by \$3,265, or 5.2 percent.
- During the year, the Town had expenses that were \$3,265 less than the \$82,495 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$79,229 with no new programs added this year.
- The General Fund reported a fund balance this year of \$14,071.
- The resources available for appropriation were \$3,166 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 Exhibit 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 Exhibit 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 asset, the difference between assets and liabilities, is 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 non-financial 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 (Exhibit 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 (Exhibit 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 and Heart and Hypertension Fund.
- *Fiduciary funds (Exhibit 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 \$62,684 to \$65,949. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental activities.

		Governmental Activities	
		<u>2005</u>	<u>2004</u>
Current and other assets		\$ 37,333	\$ 36,324
Capital assets.....		<u>96,147</u>	<u>95,360</u>
Total assets		<u>133,480</u>	<u>131,684</u>
Long-term debt outstanding		59,467	63,359
Other liabilities.....		<u>8,064</u>	<u>5,641</u>
Total liabilities.....		<u>67,531</u>	<u>69,000</u>
Net assets:			
Invested in capital assets, net of debt.....		40,402	38,138
Restricted		230	224
Unrestricted.....		<u>25,317</u>	<u>24,322</u>
Total net assets		<u>\$ 65,949</u>	<u>\$ 62,684</u>

Branford experienced an increase in net assets of its governmental activities of 5.2 percent 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 \$24,322 at June 30, 2004 to \$25,317 at the end of this year.

This change in unrestricted governmental net assets was primarily due to the investment in capital assets. The net assets invested in capital assets, net of debt increased from \$38,138 to \$40,402. This was the result of significant capital asset acquisition during the year including open space acquisition, fire apparatus and communications upgrades and construction in progress payments related to sewer collection and pump station improvements.

Table 2
Changes In Net Assets

	Governmental Activities	
	<u>2005</u>	<u>2004</u>
Revenues:		
Program revenues:		
Charges for services.....	\$ 6,995	\$ 6,722
Operating grants and contributions.....	7,286	6,414
Capital grants and contributions	673	270
General revenues:		
Property taxes	65,170	61,923
Grants and contributions not restricted to specific purposes	1,518	1,627
Unrestricted investment earnings.....	694	358
Other general revenues	<u>159</u>	<u>1</u>
Total revenues	<u>82,495</u>	<u>77,315</u>
Program expenses:		
General government	4,599	4,221
Public safety	8,352	7,899
Public works and highway.....	7,912	7,142
Parks, recreation and libraries.....	2,224	2,282
Health and human services	1,759	1,740
Education	46,506	43,922
Pension and insurance	5,719	5,297
Interest and debt service	<u>2,158</u>	<u>2,166</u>
Total program expenses.....	<u>79,229</u>	<u>74,669</u>
Increase in net assets	<u>\$ 3,266</u>	<u>\$ 2,646</u>

The Town's total revenues were \$82,495. The total cost of all programs and services was \$79,229. 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 \$3,166 higher than budgeted. Of this amount, \$1,038 resulted from strong property tax collections that include prior year levies, interest and penalties. Taxes on the current levy exceeded the budget by \$718 as the Town experienced its highest collection rate in 15 years. Charges for services produced revenues that exceeded the budget by \$1,431. This increase reflects an increase in ambulance revenues that exceeded projections by \$202. The Town Clerk’s Office experienced heavy activity in the number of deeds recorded. In addition, the Town conservatively anticipated Town Clerk conveyance fees amidst rumors that the legislation that increased the fee in March of 2003 would sunset, resulting in an increase of \$620 over budget. Increased activity related to the disposal of contaminated soil, septage, North Branford sewer fees and building permit activity also contributed to the increases in this category.

Expenditures were \$1,329 less than anticipated due to vacancies in various departments that produced savings in direct wages and pension costs. Other areas of the budget that were below budgeted estimates included police extra duty wages, and insurance.

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.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General government.....	\$4,599	\$4,221	\$2,738	\$2,559
Public safety.....	\$8,352	\$7,899	\$6,639	\$6,115
Public works and highway	\$7,912	\$7,142	\$5,964	\$5,482
Education	\$46,506	\$43,922	\$39,585	\$37,302
Pension and insurance.....	\$5,719	\$5,297	\$5,510	\$5,153

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 \$16,137, which is an increase from last year’s total of \$15,978. Included in this year’s total change in fund balance, is an increase of \$403 in the Town’s General Fund. The primary reasons for the General Fund’s increase are reflected in the governmental activities analysis highlighted above.

General Fund Budgetary Highlights

The Town’s general fund budget remained essentially unchanged. Actual final expenditures plus encumbrances totaled \$74,763. Unexpended appropriations in public safety, public works, and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$1,329. During the year, the Town was able to appropriate an additional \$700,000 to augment its reserve for other post employment benefits. Revenues totaled \$75,834 and as stated earlier this amount reflects strong tax collections and charges for services.

The Town’s General Fund balance of \$14,071 reported on Exhibit III differs from the General Fund’s budgetary fund balance of \$13,693. This is principally because budgetary fund balance does not include \$378 of prepaid items and outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the Town had \$96,147 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment – Table 4. This amount represents a net increase (including additions and deductions) of \$787, or 0.8 percent, over last year.

Table 4
Capital Assets at Year-end (Net of Depreciation)

	Governmental Activities	
	<u>2005</u>	<u>2004</u>
Land	\$ 8,752	\$ 7,165
Land improvements	464	444
Buildings	52,166	53,412
Machinery and equipment.....	8,964	9,114
Construction in progress	25,697	25,225
Infrastructure.....	<u>104</u>	<u> </u>
Totals.....	<u>\$96,147</u>	<u>\$95,360</u>

The Town has not implemented the provisions of the GASB Statement #34 which require the reporting of infrastructure assets acquired prior to July 1, 2002. Infrastructure reporting will begin by the transitional due date.

The Town's fiscal-year 2005-06 budget as adopted does not contemplate any major additions to capital assets. However, the town anticipates authorizing bonds during the 2005-06 fiscal year for various sanitary and pump station improvements as well as open space and school roofs. In addition, the wastewater treatment plant expenditures will move from the construction in progress category to the building category. More detailed information about the Town's capital assets is presented in Note 1 and Note 6 to the financial statements.

Long-term debt

At June 30, 2005 the Town had \$51,262 in bonds and notes outstanding versus \$55,611 last year – a decrease of \$4,349 or 7 percent.

The Town's general obligation bond rating continues to carry the Aa3, a rating that has been assigned by Moody's a national rating agency since 2001. In addition the Town's rating from Standard & Poor's increased from AA to AA+ in FY 2004. The State limits the amount of general obligation debt that cities can issue based on 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 \$469,973.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 8 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 2005-2006 budget and corresponding tax rates. The Branford economy compared favorably to the State and the region as measured by a current unemployment rate of 4.2 percent. This compares favorably to a State rate of 5.2 percent and a national rate of 5.1 percent. Town officials confronted a number of unique and vexing 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 owners exacerbated by the recent revaluation; increasing energy costs and tax appeals. Faced with these challenges, Town officials felt compelled to constrain the increase in the Town's tax requirements. In developing the budget the Town established the following budget guidelines that provided the rational underpinnings 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, Branford adopted a General Fund budget of \$79,377 for 2005-2006 which represents an increase of \$4,271 or 5.7 percent as compared to the 2004-2005 amended budget. Increased property taxes (benefiting from the 2004 rate increases and increases in assessed valuations) of \$510 will offset a portion of this amount coupled with an appropriated fund balance of \$2,145.

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, PO Box 150, 1019 Main Street, Branford, Connecticut 06405.

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2005

	GOVERNMENTAL ACTIVITIES
ASSETS:	
Cash and cash equivalents	\$ 23,129,565
Investments	201,223
Receivables, net	13,805,925
Inventory	12,765
Prepaid items	183,764
Capital assets, net	<u>96,147,541</u>
Total assets	<u>133,480,783</u>
LIABILITIES:	
Accounts and other payables	2,293,896
Unearned revenue	1,805,249
Other	360,228
Bond anticipation notes	3,605,000
Noncurrent liabilities:	
Due within one year	6,194,791
Due in more than one year	<u>53,272,145</u>
Total liabilities	<u>67,531,309</u>
NET ASSETS:	
Invested in capital assets, net of related debt	40,402,383
Restricted for Trusts:	
Expendable	129,882
Nonexpendable	100,420
Unrestricted	<u>25,316,789</u>
Total net assets	<u>\$ 65,949,474</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS...
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Governmental activities:					
General government.....	\$ 4,599,088	\$ 1,821,094	\$ 40,267	\$ 228,415	\$ (2,737,727)
Public safety.....	8,352,368	1,310,837	174,251	444,515	(6,638,865)
Public works and highway.....	7,912,327	1,242,231	262,076		(5,963,505)
Parks, recreation and libraries.....	2,223,696	324,993	581,805		(1,316,898)
Health and human services.....	1,759,452	453,754	698,435		(607,263)
Education.....	46,506,221	1,633,990	5,286,989		(39,585,242)
Pension and insurance.....	5,718,595	208,489			(5,510,106)
Interest and debt service.....	2,157,992		242,234		(1,915,758)
Total governmental activities.....	\$ 79,229,739	\$ 6,995,388	\$ 7,286,057	\$ 672,930	(64,275,364)
General revenues:					
Property taxes.....					65,170,183
Grants and contributions not restricted to specific programs.....					1,517,362
Unrestricted investment earnings.....					694,279
Miscellaneous.....					159,193
Total general revenues.....					67,541,017
Change in net assets.....					3,265,653
Net assets, July 1, 2004.....					62,683,821
Net assets, June 30, 2005.....					\$ 65,949,474

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANFORD, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2005

	GENERAL	CAPITAL PROJECTS	SEWER ASSESSMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and cash equivalents	\$17,753,158	\$ 278,585	\$ 883,115	\$3,075,907	\$21,990,765
Investments				201,223	201,223
Receivables (Net)	10,652,743	450,000	1,601,652	1,101,530	13,805,925
Due from other funds	509,589	1,209,681	106,738	232,843	2,058,851
Inventories				12,765	12,765
Prepaid items	74,196				74,196
TOTAL	\$28,989,686	\$1,938,266	\$2,591,505	\$4,624,268	\$38,143,725

A S S E T S

L I A B I L I T I E S
A N D
F U N D B A L A N C E S

Liabilities:					
Accounts and other payables	\$ 1,644,204	\$ 221,143	\$ 5,353	\$ 213,585	\$ 2,084,285
Due to other funds	1,548,256	364,516		130,384	2,043,156
Deferred revenue	11,365,649	10,000	1,601,652	936,832	13,914,133
Bond anticipation notes		3,605,000			3,605,000
Other	360,228				360,228
Total liabilities	14,918,337	4,200,659	1,607,005	1,280,801	22,006,802
Fund balances (deficit):					
Reserved	377,980	2,162,794		113,185	2,653,959
Unreserved, reported in:					
General Fund	13,693,369		984,500	3,100,400	13,693,369
Special Revenue Funds		(4,425,187)			4,084,900
Capital Project Fund					(4,425,187)
Permanent Funds				129,882	129,882
Total fund balances (deficit)	14,071,349	(2,262,393)	984,500	3,343,467	16,136,923
TOTAL	\$28,989,686	\$ 1,938,266	\$2,591,505	\$4,624,268	

Amounts reported for governmental activities in the statement of net assets are different because:
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds
 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 fund are included in governmental activities in the statement of net assets.
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds

Net assets of governmental activities \$ 65,949,474

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANFORD, CONNECTICUT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

	GENERAL	CAPITAL PROJECTS	SEWER ASSESSMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Property taxes	\$65,885,351		\$613,456	\$ 64,784	\$65,885,351
Assessments and interest				3,491,067	678,240
Intergovernmental	5,183,466	\$ 450,000		1,557,348	9,124,533
Charges for services	4,414,526		14,145	49,881	5,971,874
Income on investments	596,801	15,357		870,992	676,184
Miscellaneous	942,576	157			1,813,725
Total revenues	77,022,720	465,514	627,601	6,034,072	84,149,907
Expenditures:					
Current:					
General government	3,867,833			404,687	4,272,520
Public safety	7,942,949			366,889	8,309,838
Public works and highway	6,971,722		19,619	7,687,649	7,687,649
Parks, recreation and libraries	1,830,492			323,709	2,154,201
Health and human services	1,407,384			396,207	1,803,591
Education	39,882,279			3,967,639	43,849,918
Pension and insurance	5,925,028			5,925,028	5,925,028
Capital outlay	789,128	2,671,707	294,072	61,014	3,460,835
Debt service	6,172,198				6,527,284
Total expenditures	74,789,013	2,671,707	313,691	6,216,453	83,990,864
Excess (deficiency) of revenues over expenditures	2,233,707	(2,206,193)	313,910	(182,381)	159,043
Other financing sources (uses):					
Transfers in	7,138	853,391		1,089,192	1,949,721
Transfers out	(1,837,873)	(111,848)			(1,949,721)
Total other financing sources (uses)	(1,830,735)	741,543		1,089,192	
Net change in fund balances	402,972	(1,464,650)	313,910	906,811	159,043
Fund balance (deficit), July 1, 2004	13,668,377	(797,743)	670,590	2,436,656	
Fund balance (deficit), June 30, 2005	\$14,071,349	\$(2,262,393)	\$984,500	\$3,343,467	

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because: Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. This is the amount of loss on disposals. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceed proceeds. 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 governmental funds. Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit VI).

Change in net assets of governmental activities (Exhibit II) \$ 3,265,653

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS
JUNE 30, 2005

	GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE FUNDS
ASSETS:	
Cash and cash equivalents	\$1,138,800
LIABILITIES:	
Accounts and other payables	6,889
Risk management claims	1,265,516
Due to other funds	15,695
Total liabilities	1,288,100
NET ASSETS:	
Unrestricted	\$ (149,300)

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

	GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE FUNDS
Operating revenues:	
Contributions for benefits	\$1,016,000
Other	<u>8,873</u>
Total operating revenues	<u>1,024,873</u>
Operating expenses:	
Benefit claims	913,126
Claims administration	<u>77,649</u>
Total operating expenses	<u>990,775</u>
Operating income	34,098
Nonoperating revenue:	
Income on investments	<u>27,303</u>
Change in net assets	61,401
Total net assets, July 1, 2004	<u>(210,701)</u>
Total net assets, June 30, 2005	<u>\$ (149,300)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

GOVERNMENTAL
..ACTIVITIES...
INTERNAL
SERVICE FUNDS

Cash flows from (to) operating activities:	
Cash received from operating funds	\$1,160,405
Cash payments to providers of benefits and administration	(875,470)
Cash received for other	8,873
Net cash provided by operating activities.....	293,808
Cash flows from investing activities:	
Income on investments	27,303
Net increase in cash and cash equivalents.....	321,111
Cash and cash equivalents, July 1, 2004.....	817,689
Cash and cash equivalents, June 30, 2005.....	<u>\$1,138,800</u>

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income.....	\$ 34,098
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in receivables	115,305
Increase (decrease) in accounts payable	144,405
Net cash provided by operating activities.....	<u>\$293,808</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

	PENSION TRUST FUND	AGENCY FUNDS
ASSETS:		
Cash and cash equivalents		\$ 742,477
Investments.....	\$11,597,998	314,763
Accounts receivable	4,069	
Total assets	<u>11,602,067</u>	<u>\$1,057,240</u>
LIABILITIES:		
Accounts and other payables	88	\$1,057,240
Due to students and others		
Total liabilities	<u>88</u>	<u>\$1,057,240</u>
NET ASSETS:		
Held in trust for pension benefits	<u>\$11,601,979</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANFORD, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2005

Additions:	
Contributions:	
Employer.....	\$ 675,000
Plan members.....	<u>189,696</u>
Total contributions.....	864,696
Investment income:	
Net appreciation in fair value of investments.....	\$393,841
Interest and dividends.....	<u>448,364</u>
Net investment income.....	<u>842,205</u>
Total additions.....	1,706,901
Deductions:	
Benefits.....	549,866
Administration.....	<u>48,968</u>
Total deductions.....	<u>598,834</u>
Net increase.....	1,108,067
Net assets held in trust for pension benefits, July 1, 2004...	<u>10,493,912</u>
Net assets held in trust for pension benefits, June 30, 2005..	<u>\$11,601,979</u>

The accompanying notes are an
integral part of these financial statements.

TOWN OF BRANFORD, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

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 changes in net assets) 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.

The various funds included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

General Fund - the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service, and interest income.

Special Revenue Funds - account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds - account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

Permanent Funds - used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

Internal Service Funds - account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Workers' Compensation Fund and the Heart and Hypertension Fund are the Town's internal service funds.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Pension Trust Fund - accounts for the Branford Retirement System.

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

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.

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 4.

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 non-current 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 seventy percent of the market value. Unpaid balances at June 30 are liened. An amount of \$750,684 has been established as an allowance for uncollectible taxes. At June 30, 2005 this represents 26.4% of all property taxes receivable.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

H. Compensated Absences

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

I. Long-Term Obligations

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

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

J. Fund Equity

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. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$(58,404,142) difference are as follows:

Bonds payable.....	\$(32,340,000)
Unamortized deferred charges.....	568,404
Clean Water Fund notes.....	(19,490,734)
Accrued interest payable - bonds.....	(169,511)
Landfill closure.....	(1,185,000)
Compensated absences.....	(3,667,882)
Termination benefits.....	(1,208,380)
Capital leases payable.....	(877,828)
Accrued interest payable - leases.....	<u>(33,211)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities.....	 <u><u>\$(58,404,142)</u></u>

Another element of that reconciliation states that “certain long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds”. The details of this \$12,218,452 difference are as follows:

Property taxes.....	\$ 1,924,119
Accrued interest on property taxes.....	748,725
Housing loans.....	646,421
School building grants.....	7,044,689
Assessments.....	1,744,930
Net pension asset.....	<u>109,568</u>
 Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities.....	 <u><u>\$12,218,452</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$564,061 difference are as follows:

Capital outlay.....	\$ 3,008,140
Depreciation expense.....	<u>(2,444,079)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 564,061</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this \$3,218,180 difference are as follows:

Principal repayments:	
Lease payments.....	\$ 77,608
General obligation debt.....	3,475,000
Clean Water notes.....	961,136
Termination benefits	(1,208,380)
Deferred charges on refunding.....	<u>(87,184)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,218,180</u>

Another element of that reconciliation states that “some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds”. The details of this \$(1,681,818) difference are as follows:

Property tax receivables	\$ (277,597)
Accrued interest receivable.....	(437,570)
Housing loans receivable	(29,595)
School Building grants.....	(826,949)
Assessments	(359,231)
Contributions from developers.....	<u>249,124</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$(1,681,818)</u>

3. 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 Representative Town Meeting (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 Representative Town Meeting (RTM). No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were supplemental appropriations of \$986,551 of this year.

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 Equity

Fund Balance Deficit

The Capital Projects Fund had a deficit fund balance of \$2,262,393. The deficit will be funded by future transfers, grants or bonding.

Fund Deficits

The following fund had deficit net asset as of June 30, 2005:

<u>Fund</u>	<u>Amount</u>
Internal Service Fund:	
Worker's Compensation Fund	\$110,940
Heart and Hypertension Fund	\$38,360

The Internal Service Fund net asset deficits will be funded by future General Fund contributions.

4. 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.

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2005:

Deposits:	
Demand accounts.....	\$ 9,559,274
Certificates of deposit.....	<u>7,006,939</u>
Total deposits.....	16,566,213
Petty cash accounts.....	400
Cash equivalents:	
State Tax Exempt Proceeds Fund (TEPF).....	117
State Short-Term Investment Fund (STIF).....	6,253,503
MBIA, Inc. – Cooperative Liquid Assets Securities System (CLASS)	<u>1,051,809</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$23,872,042</u>

Deposits

At June 30, 2005 the carrying amount of the Town deposits was \$16,566,213 and the bank balance was \$19,193,095.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2005 bank balance, \$900,392 was covered by Federal Depository Insurance. 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. A minimum of \$1,900,981, based on June 30, 2005 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$16,391,722 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2005 the Town's cash equivalents amounted to \$7,305,429. 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.

	<u>Standard and Poor's</u>	<u>Moody's Investor Service</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm		
State Tax Exempt Proceeds Fund*			
MBIA, Inc. – Cooperative Liquid Assets Securities System (CLASS).....	AA	Aaa	AAA

*Not rated

B. Investments

Investments as of June 30, 2005 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest Bearing Investments:		
Corporate bonds	\$ 4,793,428	4.82
U.S. government obligations	396,441	22.63
Other debt securities.....	2,261,596	26.75
Other Investments:		
Common stock.....	25,748	
Police Pension Fund and Volunteer Firemen's Pension:		
Open ended mutual funds and exchange traded funds ..	<u>4,636,771</u>	
TOTAL.....	<u>\$12,113,984</u>	

Portfolio weighted average maturity for interest bearing
investments..... 12.41

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

Credit Risk – 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. The following table provides a summary of the Town's investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Fair Value</u>	<u>Standard and Poor's</u>
Corporate bonds	\$529,361	AAA
	\$241,250	AA
	\$586,114	AA-
	\$1,995,923	A+
	\$1,332,795	A
	\$107,985	A-
Other debt securities	\$2,261,596	AAA

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 five percent 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. At June 30, 2005, the Town had uninsured and unregistered securities held by the counterparty, or by its trust department or agent valued at \$5,215,617 that were not in the Town’s name.

5. 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>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 748,725				\$ 748,725
Taxes.....	2,843,435				2,843,435
Accounts	295,801			\$ 285,263	581,064
Special assessments...			\$1,601,652		1,601,652
Intergovernmental.....	7,515,466	\$450,000		169,846	8,135,312
Loans				646,421	646,421
Pension contribution..				4,069	4,069
Gross receivables.....	11,403,427	450,000	1,601,652	1,105,599	14,560,678
Less: allowance for uncollectibles.....	(750,684)				(750,684)
Net total receivables	<u>\$10,652,743</u>	<u>\$450,000</u>	<u>\$1,601,652</u>	<u>\$1,105,599</u>	<u>\$13,809,994</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.....	\$ 1,924,119	
Accrued interest	748,725	
Special assessments not yet due.....	1,744,930	
Grant drawdowns and unearned fees		\$ 402,003
School Building grants.....	7,044,689	
Housing loans.....	646,421	
Advance tax collections and over collections.....		1,403,246
Total deferred/unearned revenue for governmental funds.....	<u>\$12,108,884</u>	<u>\$1,805,249</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Net Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,164,837		\$ 1,587,132		\$ 8,751,969
Construction in progress	25,225,528	\$(75,000)	546,966		25,697,494
Total capital assets, not being depreciated	32,390,365	(75,000)	2,134,098		34,449,463
Capital assets, being depreciated:					
Buildings and improvements	71,014,203		118,030		71,132,233
Improvements other than buildings	828,299		53,816		882,115
Machinery and equipment	17,291,377	75,000	846,089	\$(160,747)	18,051,719
Infrastructure.....			105,231		105,231
Total capital assets being depreciated	89,133,879	75,000	1,123,166	(160,747)	90,171,298
Less accumulated depreciation for:					
Buildings and improvements	17,602,702		1,363,469		18,966,171
Improvements other than buildings	383,379		34,695		418,074
Machinery and equipment	8,177,745		1,044,569	(134,685)	9,087,629
Infrastructure.....			1,346		1,346
Total accumulated depreciation	26,163,826		2,444,079	(134,685)	28,473,220
Total capital assets, being depreciated, net	62,970,053	75,000	(1,320,913)	(26,062)	61,698,078
Governmental activities capital assets, net	\$95,360,418	\$ - 0 -	\$ 813,185	\$ (26,062)	\$96,147,541

The Town has not implemented the provisions of GASB Statement 34 which require reporting of infrastructure assets acquired prior to July 1, 2002.

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

Governmental activities:	
General government	\$ 105,926
Public safety	405,598
Public works.....	507,552
Parks, recreation and libraries	57,357
Health and welfare	39,661
Education.....	<u>1,327,985</u>
Total depreciation expense - governmental activities.....	<u>\$2,444,079</u>

Construction Commitments

The Town has active construction projects as of June 30, 2005. The projects include:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
Palmerwood Pump Station.....	\$2,115,000	\$239,710		\$1,875,290
Stony Creek Pier	\$400,000	\$400,100		\$(100)
Elementary School Renovation.....	\$12,819,000	\$12,819,000		
Clean Water Project.....	\$32,819,452	\$32,426,279		\$393,173
High School Renovations	\$26,577,000	\$26,554,022		\$22,978
1996/1997 Capital Projects.....	\$474,761	\$467,661		\$7,100
Trolley Trail.....	\$51,235	\$48,916		\$2,319
Sidewalk and Curb.....	\$777,600	\$755,841		\$21,759
Ambulance Fund	\$400,360	\$364,813		\$35,547
Fire Apparatus Fund	\$1,508,799	\$1,366,358		\$142,441
EPA Consent Decree.....	\$9,380,000	\$665,176	\$2,159,329	\$6,555,495
Structural Remediation Fund.....	\$150,000	\$148,009		\$1,991
Town Hall Renovation.....	\$3,615,000	\$3,513,559		\$101,441
School Roofs.....	\$500,000			\$500,000
Bender Property Acquisition	\$2,100,000	\$1,344,923		\$755,077
Tabor Drive Acquisition	\$2,500,000	\$1,718,912	\$3,465	\$777,623

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2005, are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 231,837
General Fund	Nonmajor Governmental Funds	130,384
General Fund	Internal Service Fund.....	15,695
Nonmajor Governmental Funds	Capital Project Fund	1,006
Capital Project Fund	General Fund	1,209,681
General Fund	Capital Project Fund	363,510
Sewer Assessment Fund	General Fund	<u>106,738</u>
TOTAL		<u>\$2,058,851</u>

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

Interfund transfers:

	.....Transfer In.....			
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfer out:				
General Fund.....		\$748,681	\$1,089,192	\$1,837,873
Capital Projects.....	\$7,138	104,710		111,848
				<hr/>
Total transfers out.....	\$7,138	\$853,391	\$1,089,192	\$1,949,721
				<hr/>

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

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds .	\$35,815,000		\$3,475,000	\$32,340,000	\$3,665,000
Clean water notes	20,451,870		961,136	19,490,734	980,537
Less deferred amounts:					
Refunding bonds	(655,588)		(87,184)	(568,404)	
				<hr/>	
Total bonds and notes payable	55,611,282		4,348,952	51,262,330	4,645,537
Landfill closure	1,567,500		382,500	1,185,000	118,700
Compensated absences	3,996,930		329,048	3,667,882	89,413
Risk management claims.....	1,164,774	\$ 100,742		1,265,516	857,217
Net pension obligation	62,767		62,767		
Capital leases.....	955,436		77,608	877,828	81,131
Termination benefits		1,208,380		1,208,380	402,793
				<hr/>	
Governmental activity long-term liabilities	\$63,358,689	\$1,309,122	\$5,200,875	\$59,466,936	\$6,194,791
				<hr/>	

A schedule of bonds and notes outstanding at June 30, 2005 is presented below:

	<u>Balance</u> <u>July 1, 2004</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2005</u>
General Obligation:				
School, 4.0-5.0%, mature in 2008	\$ 1,812,500		\$ 496,000	\$ 1,316,500
School, 5.9-7.9%, mature in 2009	1,024,000		205,000	819,000
School, 4.5-6.25%, mature in 2017	3,150,000		750,000	2,400,000
School, 4.0-5.0%, mature in 2019	8,510,000		685,000	7,825,000
School, 2.0-4.1%, mature in 2015	7,695,000		75,000	7,620,000
Public improvement, 4.0-5.0%, mature in 2008	401,500		110,500	291,000
Public improvement, 5.9-7.9%, mature in 2009	595,000		120,000	475,000
Public improvement, 4.0-5.0%, mature in 2019	6,825,000		525,000	6,300,000
Public improvement sewer, 4.0-5.0%, mature in 2019	4,475,000		240,000	4,235,000
Special Assessment:				
Sewer, 4.0-5.0%, mature in 2008	119,000		32,500	86,500
Sewer, 5.9-7.9%, mature in 2009	881,000		175,000	706,000
Sewer, 4.5-6.25%, mature in 2017	20,000		20,000	
Water, 4.0-5.0%, mature in 2008	42,000		11,000	31,000
Water, 6.8-7.5%, mature in 2012	265,000		30,000	235,000
Total bonds	35,815,000		3,475,000	32,340,000
State of Connecticut, Water, 2%, mature in 2013	132,062		13,812	118,250
State of Connecticut, Water, 2%, mature in 2019	996,298		61,041	935,257
State of Connecticut, Water, 2%, mature in 2022	19,323,510		886,283	18,437,227
Total bonds and notes	\$56,266,870	\$ - 0 -	\$4,436,136	\$51,830,734

In prior years, the Town has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provided for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2005, \$15,850,000 of bonds outstanding are considered defeased.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006.....	\$ 4,645,536	\$ 1,857,855	\$ 6,503,391
2007.....	4,515,327	1,668,734	6,184,061
2008.....	4,810,518	1,486,543	6,297,061
2009.....	4,241,117	1,290,210	5,531,327
2010.....	3,762,131	1,118,341	4,880,472
2011-2015	18,709,853	3,480,603	22,190,456
2016-2020	8,366,107	847,268	9,213,375
2021-2023	2,780,145	65,338	2,845,483
TOTAL.....	\$51,830,734	\$11,814,892	\$63,645,626

Clean Water Fund Notes

The Town is currently participating in a Capital Project (Wastewater Design Fund) 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”.

General Obligation Bonds and Notes

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

Bonds Authorized Unissued

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

<u>Project</u>	<u>Authorization</u>	<u>Bonds Previously Issued</u>	<u>Bonds Authorized Unissued</u>
EPA Consent	\$9,380,000	\$140,000	\$9,240,000
School Roofs	\$500,000		\$500,000
Bender Property	\$2,100,000		\$2,100,000
Tabor Drive	\$2,500,000		\$2,500,000

Bond Anticipation Notes

On June 15, 2005, the Town issued \$3,605,000 of bond anticipation notes at 3% for the following projects: Bender Property \$1,000,000, Tabor Drive Land \$1,750,000 and EPA Consent Project \$855,000. The notes mature February 7, 2006. The liability is reported in the Capital Projects Fund.

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>Debt Limit</u>	(thousands)	
		<u>Indebtedness*</u>	<u>Balance</u>
General purpose	\$151,063	\$11,666	\$139,397
Schools	\$302,126	\$12,936	\$289,190
Sewers	\$251,771	\$33,758	\$218,013
Urban renewal	\$218,202		\$218,202
Pension deficit.....	\$201,417		\$201,417

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation \$469,973.

* Includes bonds authorized unissued (\$13,840) and excludes water bonds of \$266.

** Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$7,044.

9. 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. Webster Insurance 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 \$250,000 per employee per year with a stop-loss policy covering amounts exceeding the limit.

The claims liability of \$961,506 reported in the Internal Service Fund at June 30, 2005 is based on the *Government Accounting Standards Board Statement No. 10*, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

	<u>Liability</u>	<u>Current Year Claims</u>	<u>Claim</u>	<u>Liability</u>
	<u>July 1,</u>	<u>And Changes</u>	<u>Payments</u>	<u>June 30,</u>
		<u>In Estimates</u>		
2004-05	\$810,411	\$866,146	\$715,051	\$961,506
2003-04	\$430,788	\$969,959	\$590,336	\$810,411

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 \$304,010 at June 30, 2005 is based on the *Government Accounting Standards Board Statement #10*, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<u>Liability</u> <u>July 1,</u>	<u>Current Year Claims</u> <u>And Changes</u> <u>In Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>Liability</u> <u>June 30,</u>
2004-05	\$354,363	\$46,980	\$97,333	\$304,010
2003-04	\$376,702	\$72,262	\$94,601	\$354,363

10. 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 2004/2005 fiscal year a major closure project was undertaken with the entire top, considered the “Inactive Portion” of the landfill, reaching Substantial Completion by July 15, 2005. To date, \$916,500 has been appropriated and approximately \$1,141,000 was expended with retainage still being held on the new, substantially completed work. Approximately 90% of the total area of the landform has had all layers of final cover applied.

The Town has signed a contract for a \$400,000 grant from the Department of Environmental Protection to cap the top of the landfill, the first \$254,500 of which has been reimbursed with more due from the recent work. It is anticipated that the placement of bulky waste will continue at the front of the landfill for the next two years, with closure costs incurred primarily in fiscal 07/08. Annual appropriations will be placed in a special revenue fund for the final cover for this front section when it no longer receives waste. Based upon engineer’s estimates, with a 20% escalator for recent fuel increases, it is anticipated that the final cover costs will total \$1,405,000, including funds already spent, but not including post-closure costs. The Town is required to monitor and maintain the landfill for thirty years after closure. The estimated annual cost for this postclosure activity is \$30,700. 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 is believed to overlay a portion of, and possibly 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 which are separately addressed here, 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 are mentioned in this note. \$14,900 was spent in fiscal 04/05 on design of, and grant writing for, a pre-treatment basin and wetland for contaminated stormwater.

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

Final Cover Cost (\$88,000 x 3 fiscal years).....	\$ 264,000
Postclosure Care Costs (30 years):	
Inspection and maintenance of final cover (\$15,400 annually).....	462,000
Monitoring Program, groundwater and Methane(\$12,600 annually).....	<u>459,000</u>
 TOTAL.....	 <u>\$1,185,000</u>

11. JOINT VENTURES

Bristol Resource Recovery Facility Operating Committee

The Town is a participant with thirteen (13) other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). The 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 the BRRFOC amounted to \$944,980 this year. General Fund unreserved, undesignated fund balance for fiscal year ended June 30, 2005 as reflected in the BRRFOC’s financial statements is \$12.5 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

In April 2005, the Committee issued \$41,920,000 Solid Waste Revenue Refunding Bonds (Covanta Bristol, Inc. Project – 2005 Series) (the “Bonds”) with interest rates varying from 3.00 percent to 5.00 percent. The proceeds of the Bonds, in addition to other funds made available as part of the transaction and the allowed investment earnings thereon, were used to current refund \$46,670,000 outstanding revenue bonds of the Committee, with an interest rate of 6.50 percent. The current refunding was undertaken to reduce total debt service costs over the period of fiscal 2005 through 2014 by approximately \$4,300,000. The refunding resulted in present value savings of approximately \$4,000,000.

In accordance with the bond indenture, the Committee has set aside with the Bond Trustee a Debt Service Reserve Fund (the “Fund”), which amount is to be available to meet future debt service obligations, if such obligations cannot be met with current available revenues of the Committee. At June 30, 2005, the market value of the investment in the Fund was \$4,389,633.

In addition to the pledge of revenues provided by the Committee to the Bondholders, the payments of principal and interest on the Bonds maturing on July 1, 2007, through July 1, 2014, are guaranteed by Ambac Assurance Corporation (“Ambac”). Pursuant to the indenture of trust the Committee transfers monthly, one-twelfth of the principal balance due in the subsequent year to the Trustee.

12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Police Employees Retirement Plan

A. Plan Description

The Town of Branford 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 (5) years of service. The retirement benefit is calculated at 2% of the highest annual salary out of the last three (3) 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 (5) 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, 2003, PERS membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits.....	30
Terminated employees entitled to benefits but not yet receiving them	2
Active Plan Members	<u>49</u>
TOTAL.....	<u>81</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 6.0% 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 23.9% 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	\$ 502,901
Interest on net pension obligation	5,021
Adjustment to annual required contribution	<u>(5,257)</u>
Annual pension cost	502,665
Contributions made	<u>675,000</u>
Increase (decrease) in net pension obligation	(172,335)
Net pension obligation beginning of year	<u>62,767</u>
Net pension obligation (asset) end of year	<u><u>\$(109,568)</u></u>

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

Actuarial valuation date	July 1, 2003
Actuarial cost method	Projected Unit Credit
Amortization method.....	Level dollar
Remaining amortization period.....	28 years closed
Asset valuation method	4 years smoothed asset value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%
Assumed inflation rate	4.0%

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>	<u>Actual Contribution</u>
6/30/03	\$748,495	100.8%	\$1,341,191	\$754,273
6/30/04	\$486,576	362.0%	\$62,767	\$1,765,000
6/30/05	\$502,665	134.3%	\$(109,568)	\$675,000

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/01/99	\$8,336,451	\$11,542,336	\$(3,205,885)	72.2%	\$2,314,802	138.5%
7/01/01	\$9,550,035	\$13,326,943	\$(3,776,908)	71.7%	\$2,601,817	145.2%
7/01/03	\$9,593,076	\$12,551,982	\$(2,958,906)	76.4%	\$2,827,161	104.7%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/99	\$755,000	101.9%
6/30/00	\$670,195	107.3%
6/30/01	\$642,000	102.8%
6/30/02	\$665,040	104.5%
6/30/03	\$751,507	100.0%
6/30/04	\$490,583	359.7%

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 5.2% 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, 2005, 2004, and 2003 were \$681,892, \$504,235, and \$303,469, respectively, equal to the required contributions for each year.

Teacher Retirement

All Town of Branford 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 sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or;
- . attained any age and has accumulated thirty-five years of credited service, at least twenty-five 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 \$17,450,830 or 45.8% of the total Town payroll of \$38,091,104.

The retirement system for teachers is funded by the State 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, 2005 the Town has recorded in the General Fund, intergovernmental revenue and education expenditures in the amount of \$1,170,989 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.

13. CONTINGENT LIABILITIES

The Town of Branford is currently a defendant in a number of lawsuits. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgement against the Town which would materially adversely affect its financial position.

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, 2005

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Taxes:				
Current taxes.....	\$63,532,602	\$63,532,602	\$64,251,087	\$ 718,485
Interest income.....	600,000	600,000	550,921	(49,079)
Lien fees.....	7,500	7,500	21,189	13,689
Suspense collections.....	7,500	7,500	15,147	7,647
Delinquent taxes.....	700,000	700,000	1,043,291	343,291
Attorney fees.....			3,716	3,716
Total.....	64,847,602	64,847,602	65,885,351	1,037,749
Intergovernmental Revenues:				
Education cost sharing.....	1,276,911	1,276,911	1,292,801	15,890
School transportation.....	169,373	169,373	199,091	29,718
Health and welfare.....			23,927	23,927
Principal subsidy.....	793,832	793,832	827,435	33,603
Interest subsidy.....	302,290	302,290	242,234	(60,056)
Adult education.....	16,318	16,318		(16,318)
Circuit breaker elderly.....	200,000	200,000	202,026	2,026
Elderly tax relief - freeze.....	20,000	20,000		(20,000)
Boat exemption.....	98,245	98,245	98,245	
Disability exemption.....	3,000	3,000	1,607	(1,393)
Veterans' reimbursement - State.....	70,000	70,000	23,354	(46,646)
Manufacturing PILOT grant.....	400,000	400,000	442,728	42,728
Pegot grant.....	111,377	111,377	106,845	(4,532)
Private property exemption.....	119,554	119,554	120,476	922
State property exemption.....	45,123	45,123	48,144	3,021
State counseling grants.....	132,000	132,000	119,804	(12,196)
Miscellaneous State grants.....			1,615	1,615
COPS Fast.....	43,750	43,750		(43,750)
Total.....	3,801,773	3,801,773	3,750,332	(51,441)
Licenses, Permits and Fees:				
Oil burner permits.....	100	100		(100)
Building permits.....	225,000	225,000	478,140	253,140
Excavation permits.....	6,000	6,000	7,380	1,380
Electrical permits.....	23,000	23,000	46,936	23,936
Plumbing permits.....	17,000	17,000	30,771	13,771
Heating, air conditioning and ventilation permits.....	21,000	21,000	53,444	32,444
Sewer connection permits.....	150	150	226	76
Other licenses and permits.....	700	700	480	(220)
Zoning Board of Appeals.....	7,500	7,500	7,265	(235)
Planning and Zoning.....	15,000	15,000	20,815	5,815

TOWN OF BRANFORD, CONNECTICUT
 GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

	..... BUDGETED AMOUNTS			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
Licenses, Permits and Fees (continued):				
Map copies - building and engineering.....	\$ 2,000	\$ 2,000	\$ 1,722	\$ (278)
Inland wetlands applications.....	13,000	13,000	18,192	5,192
Transfer station escrow.....	104,900	104,900	264,303	159,403
Trip passes.....	2,300	2,300	3,383	1,083
Permits and tags - police.....	1,000	1,000	11,248	10,248
Special wages - police.....	400,000	400,000	337,627	(62,373)
False alarm fees.....	15,000	15,000	18,800	3,800
Waste treatment fees.....	210,000	210,000	297,400	87,400
North Branford sewer fees.....	200,000	200,000	337,008	137,008
Pump out services.....	3,600	3,600	3,239	(361)
Town Clerk other monies.....	260,000	260,000	369,786	109,786
Conveyance taxes.....	180,000	180,000	690,562	510,562
DEP licenses - Town portion.....	600	600	630	30
Marriage licenses - Town portion.....	2,200	2,200	2,607	407
Dog licenses.....	5,500	5,500	6,535	1,035
Ambulance service fees.....	725,000	725,000	927,020	202,020
Miscellaneous permits and fees - fire services.....	400,000	400,000	386,720	(13,280)
Counseling fees and services.....	18,000	18,000	10,025	(7,975)
DEP Nutrient Credit.....	125,000	125,000	81,556	(43,444)
Total.....	2,983,550	2,983,550	4,414,526	1,430,976
Interest income.....	235,000	235,000	596,801	361,801
Other:				
Willoughby - Wallace Library fees.....	3,000	3,000	4,697	1,697
Employee health insurance co-pay.....	145,000	145,000	195,621	50,621
In lieu of taxes - telephone access.....	337,264	337,264	275,059	(62,205)
In lieu of taxes - SCRW.....	214,000	214,000	197,268	(16,732)
Leases.....	9,400	9,400	8,806	(594)
Telephone booths.....	500	500	221	(279)
Insurance claims and refunds.....	10,000	10,000	12,735	2,735
Miscellaneous refunds.....	10,000	10,000	11,713	1,713
Miscellaneous income.....	43,500	43,500	147,466	137,466
Sale of Town property.....	20,000	20,000	71,792	28,292
Reimbursement Town services.....			8,163	(11,837)
COBRA/dental reimbursement.....			133	133
Unliquidated encumbrances.....			237,008	237,008
Warden fees.....			8,902	8,902
Total other.....	792,664	792,664	1,179,584	386,920
Total revenues.....	72,660,589	72,660,589	75,826,594	3,166,005

TOWN OF BRANFORD, CONNECTICUT
 GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

	.....BUDGETED AMOUNTS.....	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	
Other financing sources:			
Transfers in.....	\$ 7,138	\$ 7,138	
Total revenues and other financing sources.....	<u>\$72,660,589</u>	<u>\$72,667,727</u>	<u>\$3,166,005</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.....		1,170,989	
Cancelled encumbrances are not reported as revenue for financial reporting purposes.....		(237,008)	
The Board of Education does not budget for certain intergovernmental grants which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.....		<u>262,145</u>	
Total revenues and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV.....		<u>\$77,029,858</u>	

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005

	.....BUDGETED AMOUNTS.....	FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL			
General government:				
Legislative.....	\$ 12,719	\$ 14,719	\$ 12,500	\$ 2,219
Executive.....	314,241	314,241	309,985	4,256
Finance.....	55,604	55,604	34,987	20,617
Treasurer.....	290,297	305,366	302,489	2,877
Assessor.....	358,714	375,857	345,098	30,759
Review of Assessments.....	15,755	16,445	14,986	1,459
Tax Collector.....	228,113	477,934	459,332	18,602
Town Clerk.....	177,190	190,871	176,134	14,737
Law.....	494,000	458,000	433,732	24,268
Labor Relations Negotiations.....	55,000	55,000	45,940	9,060
Probate Court.....	11,200	11,200	8,392	2,808
Elections.....	67,525	79,317	73,260	6,057
Planning and Zoning.....	219,744	224,044	213,789	10,255
Zoning Board of Appeals.....	8,026	8,026	6,925	1,101
Development Commission.....	4,325	4,325	4,323	2
Inland Wetlands Commission.....	61,918	62,981	62,813	168
General Government Buildings.....	718,602	734,230	720,708	13,522
Cable Television.....	1,925	2,283	1,968	315
Electronic Data Processing.....	501,922	503,617	500,000	3,617
Human Resources.....	212,910	213,258	210,389	2,869
Total.....	3,809,730	4,107,318	3,937,750	169,568
Public safety:				
Police Service.....	4,215,639	4,223,560	4,184,001	39,559
Police Service - special detail.....	425,000	425,000	306,807	118,193
Fire Protection.....	3,031,288	3,288,553	3,212,220	76,333
Building Department.....	77,225	117,225	82,206	35,019
Other protection - Dog Warden.....	102,078	102,078	95,545	6,533
Total.....	7,851,230	8,156,416	7,880,779	275,637
Public works and highways:				
Public Works.....	2,134,521	2,204,810	2,162,103	42,707
Water Pollution Control.....	1,929,956	1,866,026	1,847,598	18,428
Sanitation and Waste.....	2,658,088	2,677,585	2,490,550	187,035
General Engineering.....	163,245	172,009	170,254	1,755
Total.....	6,885,810	6,920,430	6,670,505	249,925

TOWN OF BRANFORD, CONNECTICUT
 GENERAL FUND
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

	ORIGINAL	FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
.....BUDGETED AMOUNTS.....				
Recreation:				
Branford Recreation Department.....	\$ 743,508	\$ 743,508	\$ 736,781	\$ 6,727
Parker Park.....	58,777	58,777	54,265	4,512
Young's Park Commission.....	7,520	7,520	7,516	4
Docks and Recreational facilities.....	32,200	32,200	23,179	9,021
Public Celebration.....	24,999	24,999	24,777	222
Conservation Commission.....	6,100	6,100	5,878	222
Total.....	873,104	873,104	852,396	20,708
Libraries:				
James Blackstone Memorial Library.....	821,280	821,280	821,280	
Willoughby-Wallace Library.....	167,419	167,419	165,165	2,254
Total.....	988,699	988,699	986,445	2,254
Health and welfare:				
Human Services.....	955,248	955,248	924,459	30,789
Commission for the Elderly.....	318,728	318,728	311,038	7,690
East Shore District Health.....	160,859	160,859	160,359	500
Total.....	1,434,835	1,434,835	1,395,856	38,979
Board of Education.....	38,610,494	38,489,012	38,449,145	39,867
Pension and insurance:				
Pension and Contributions.....	1,993,730	2,031,230	1,950,790	80,440
Employee Group Insurance.....	2,857,354	2,965,496	2,728,572	236,924
Municipal insurance.....	1,348,000	1,348,000	1,248,666	99,334
Contingency.....	753,270	1,148	1,148	1,148
Total.....	6,952,354	6,345,874	5,928,028	417,846
Capital Projects.....	762,425	763,425	651,776	111,649
Debt service:				
Principal retirement.....	4,092,638	4,167,638	4,167,636	2
Interest and fiscal charges.....	2,056,878	2,007,516	2,004,562	2,954
Total.....	6,149,516	6,175,154	6,172,198	2,956
Total expenditures.....	74,318,197	74,254,267	72,924,878	1,329,389

TOWN OF BRANFORD, CONNECTICUT
 GENERAL FUND
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

	.....BUDGETED AMOUNTS.....			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
Other financing uses:				
Transfers to other funds:				
Special Revenue Fund:				
Retiree Benefit Fund.....	\$ 150,000	\$ 850,000	\$ 850,000	
Open Space Fund.....	30,300	30,300	30,300	
Special Programs.....	50,000	50,000	50,000	
Revaluation Fund.....	158,892	158,892	158,892	
Capital Projects Fund:				
Fire Apparatus.....	119,000	119,000	119,000	
Sewer Reserve.....	275,000	338,930	338,930	
DPW Apparatus.....	4,200	4,200	4,200	
Capital Procurement.....		286,551	286,551	
Total other financing uses.....	787,392	1,837,873	1,837,873	
TOTAL.....	<u>\$75,105,589</u>	<u>\$76,092,140</u>	74,762,751	<u>\$1,329,389</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.....
 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.
 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.....
 Total expenditures and other financing sources as reported on the statement of revenues, expenditures,
 and changes in fund balances - governmental funds - Exhibit IV.....

\$76,626,886

TOWN OF BRANFORD, CONNECTICUTGENERAL FUNDCOMPARATIVE BALANCE SHEET
JUNE 30, 2005 AND 2004

	2005	2004
<u>A S S E T S</u>		
Cash and cash equivalents.....	\$17,753,158	\$15,653,891
Receivables:		
Taxes (net).....	2,092,749	2,616,928
Intergovernmental.....	7,515,468	8,118,461
Other.....	1,044,526	2,557,054
Due from other funds.....	509,589	1,489,938
Prepaid items.....	74,196	62,833
	<u>\$28,989,686</u>	<u>\$30,499,105</u>
 <u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E</u>		
Liabilities:		
Accounts payable and accrued expenses.....	\$ 1,644,204	\$ 2,554,174
Due to other funds.....	1,548,256	1,156,238
Deferred revenues.....	11,365,649	12,392,881
Other.....	360,228	727,435
	<u>14,918,337</u>	<u>16,830,728</u>
Fund balance:		
Reserved for encumbrances.....	303,784	971,793
Reserved for prepaid items.....	74,196	62,833
Unreserved:		
Designated for subsequent year budget.....	2,145,000	2,445,000
Undesignated - available for appropriation..	11,548,369	10,188,751
	<u>14,071,349</u>	<u>13,668,377</u>
	<u>\$28,989,686</u>	<u>\$30,499,105</u>

TOWN OF BRANFORD, CONNECTICUT

REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2005

GRAND LIST	UNCOLLECTED TAXES JULY 1, 2004	LAWFUL CORRECTIONS	FORECLOSURES AND ADJUSTMENTS	TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	TAXES	INTEREST	LIENS	TOTAL	UNCOLLECTED TAXES JUNE 30, 2005
1988	\$ 103		\$ (103)		\$ 274					\$ 274
1989	274				693					693
1990	693				12,014					12,014
1991	12,014				17,796	\$ 2,897	\$ 49	\$ 48	\$ 4,186	14,899
1992	17,796				20,925	940	2,399	25	3,364	19,985
1993	20,925				51,555	25,782	4,005	72	29,859	25,773
1994	58,155	\$ (6,600)			57,182	30,170	8,424	120	38,714	27,012
1995	63,672	(6,490)			85,018	52,184	11,649	192	64,025	32,834
1996	97,761	(12,664)	(79)		97,634	58,027	13,551	216	71,794	39,607
1997	110,490	(12,774)	(82)		128,272	58,027	19,463	168	74,116	73,787
1998	281,299	(13,151)	(87)		346,169	79,243	16,837	480	96,560	266,926
1999	359,362	(13,101)	(92)	\$ (139,789)	488,078	143,846	50,271	836	194,953	344,232
2000	501,599	(13,423)	(98)		626,430	224,735	75,811	1,431	301,977	401,695
2001	649,086	(22,554)	(102)		1,195,889	617,561	125,066	5,030	747,657	578,328
2002	1,231,893	(35,672)	(332)		65,256,463	64,251,087	195,167	1,748	64,448,002	1,005,376
2003	65,712,549	(394,627)	(61,459)							
TOTAL	\$69,117,671	\$ (531,056)	\$ (62,434)	\$ (139,789)	\$68,384,392	65,540,957	523,933	10,366	66,075,256	\$2,843,435
				Suspense collections		14,843	26,988		41,831	
				Administrative fees				10,822	10,822	
				TOTAL		\$65,555,800	\$550,921	\$21,188	\$66,127,909	

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2005

	REVALUATION	OPEN SPACE	WATER ASSESSMENT	PROGRAM	DAY CARE	EDUCATIONAL GRANTS	CAFETERIA	ENERGY EFFICIENCY
.....SPECIAL REVENUE.....BOARD OF EDUCATION.....								
Cash and cash equivalents.....	\$ 43,936	\$199,604	\$ 52,295	\$41,206	\$213,853	\$168,712	\$ 58,078	\$22,509
Investments.....			143,278			651	10,345	
Accounts receivable.....						68,212	29,511	
Intergovernmental.....								
Due from other funds.....	226,672						12,765	
Inventories.....								
TOTAL.....	\$270,608	\$199,604	\$195,573	\$41,206	\$213,853	\$237,575	\$110,699	\$22,509
<u>A S S E T S</u>								
<u>L I A B I L I T I E S</u>								
<u>A N D</u>								
<u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts payable.....	\$ 2,400	\$ 9,787		\$ 300	\$ 3,078	\$118,434	\$ 74,132	
Due to other funds.....			\$143,278	6,307				
Deferred revenue.....								
Total liabilities.....	2,400	9,787	143,278	6,607	3,078	118,434	74,132	
Fund balance:								
Reserved:								
Inventory.....							12,765	
Permanent account.....								
Unreserved:								
Undesignated.....	268,208	189,817	52,295	34,599	210,775	119,141	23,802	\$22,509
Total fund balance.....	268,208	189,817	52,295	34,599	210,775	119,141	36,567	22,509
TOTAL.....	\$270,608	\$199,604	\$195,573	\$41,206	\$213,853	\$237,575	\$110,699	\$22,509

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2005

	SMALL CITIES	TOWN AID ROAD	TECHNOLOGY INFRASTRUCTURE	PASS THROUGH GRANTS	PARK AND RECREATION	SPECIAL PROGRAMS	RETIREE BENEFIT
.....SPECIAL REVENUE.....							
Cash and cash equivalents	\$ 45,390	\$102,004	\$150		\$357,427	\$268,114	\$1,006,287
Investments						130,624	
Accounts receivable	646,421					72,123	
Intergovernmental		5,165				1,000	
Due from other funds							
Inventory							
TOTAL	\$691,811	\$107,169	\$150	\$ - 0 -	\$357,427	\$471,861	\$1,006,287

A S S E T S

L I A B I L I T I E S
A N D
F U N D B A L A N C E

Liabilities:							
Accounts payable	\$ 10,900	\$ 5,314			\$ 3,113	\$102,050	
Due to other funds			\$150		140	8,319	
Deferred revenue	646,421				140,826		
Total liabilities	657,321	5,314	150		144,079	110,369	
Fund balance:							
Reserved:							
Inventory							
Permanent account							
Unreserved:							
Undesignated	34,490	101,855			213,348	361,492	\$1,006,287
Total fund balance	34,490	101,855			213,348	361,492	1,006,287
TOTAL	\$691,811	\$107,169	\$150	\$ - 0 -	\$357,427	\$471,861	\$1,006,287

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2005

		.....SPECIAL REVENUE.....					
	COUNSELING CENTER	WILLOUGHBY WALLACE LIBRARY	TOURISM	EXIT 53 IMPROVEMENT	ELDERLY COMMISSION	BOARD OF EDUCATION SEVERANCE	TOTAL
Cash and cash equivalents	\$82,683	\$ 9,030	\$4	\$(365)	\$247,321	\$34,536	\$2,952,774
Investments		92,054					92,054
Accounts receivable				365			931,684
Intergovernmental							169,846
Due from other funds							232,843
Inventory		6					12,765
TOTAL	<u>\$82,683</u>	<u>\$101,090</u>	<u>\$4</u>	<u>\$ -0-</u>	<u>\$247,321</u>	<u>\$34,536</u>	<u>\$4,391,966</u>
A S S E T S							
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 411	\$ 400					\$ 211,585
Due to other funds		3,037	\$4				130,384
Deferred revenue							936,832
Total liabilities	411	3,437	4				1,278,801
Fund balance:							
Reserved:							
Inventory							12,765
Permanent account							
Unreserved:							
Undesignated	82,272	97,653			\$247,321	\$34,536	3,100,400
Total fund balance	82,272	97,653			247,321	34,536	3,113,165
TOTAL	<u>\$82,683</u>	<u>\$101,090</u>	<u>\$4</u>	<u>\$ -0-</u>	<u>\$247,321</u>	<u>\$34,536</u>	<u>\$4,391,966</u>

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2005

	DAMASCUS CEMETERY	LESHINE SCHOLARSHIP	CASPAR BLOCK SCHOLARSHIP	GUSTAF NELSON MEMORIAL	JOHN B. HART	CASPAR BLOCK SPECIAL RECREATION GRANT	TOTAL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Cash and cash equivalents	\$ 13,306	\$ 5,398	\$ 5,731	\$ 35,104	\$ 1,260	\$ 62,334	\$ 123,133	\$ 3,075,907
Investments	109,169						109,169	201,223
Accounts receivable								931,684
Intergovernmental								169,846
Due from other funds								232,843
Inventory								12,765
TOTAL	\$122,475	\$5,398	\$5,731	\$35,104	\$1,260	\$62,334	\$232,302	\$4,624,268

A S S E T S

L I A B I L I T I E S
A N D
F U N D B A L A N C E

Liabilities:								
Accounts payable	\$ 2,000						\$ 2,000	\$ 213,585
Due to other funds								130,384
Deferred revenue								936,832
Total liabilities	2,000						2,000	1,280,801

Fund balance:								
Reserved:								
Inventory	1,500	\$ 4,000	\$ 5,000	\$ 30,000		\$ 59,920	100,420	12,765
Permanent account								100,420
Unreserved:								
Designated	118,975	1,398	731	5,104	\$ 1,260	2,414	129,882	3,230,282
Undesignated	120,475	5,398	5,731	35,104	1,260	62,334	230,302	3,343,467
Total fund balance	\$122,475	\$5,398	\$5,731	\$35,104	\$1,260	\$62,334	\$232,302	\$4,624,268

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

	REVALUATION	OPEN SPACE	WATER ASSESSMENT	PROGRAM	DAY CARE	EDUCATIONAL GRANTS	CAFETERIA	ENERGY EFFICIENCY
.....SPECIAL REVENUE.....BOARD OF EDUCATION.....								
Revenues:								
Assessment income			\$47,712					
Interest on assessments			17,072					
Intergovernmental revenues		\$ 3,830	881	\$ 1,633	\$ 730	\$2,159,182	\$ 178,368	\$ 1,204
Investment income							896,446	
Sale of food		72,020		100,280	588,882			
Sales and services			1,000		5,952		42,430	
Program income	\$ 2,957							
Other								
Total revenues	2,957	75,850	66,665	101,913	595,564	2,159,182	1,117,486	1,204
Expenditures:								
Current:								
General government	365,885							
Public safety								
Public works and highway		76,419						
Parks, recreation and libraries				94,038	568,838	2,108,392	1,117,682	77,689
Health and human services								
Education								
Debt service			61,014					
Total expenditures	365,885	76,419	61,014	94,038	568,838	2,108,392	1,117,682	77,689
Excess (deficiency) of revenues over expenditures	(362,928)	(569)	5,651	7,875	26,726	50,790	(196)	(76,485)
Other financing sources:								
Transfers in	158,892	30,300						
Net change in fund balances	(204,036)	29,731	5,651	7,875	26,726	50,790	(196)	(76,485)
Fund balance (deficit), July 1, 2004	472,244	160,086	46,644	26,724	184,049	68,351	36,763	98,994
Fund balance, June 30, 2005	\$ 268,208	\$189,817	\$52,295	\$ 34,599	\$210,775	\$ 119,141	\$ 36,567	\$ 22,509

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2005

	SMALL CITIES	TOWN AID ROAD	TECHNOLOGY INFRASTRUCTURE	PASS THROUGH GRANTS	PARK AND RECREATION	SPECIAL PROGRAMS	RETIREE BENEFIT
.....SPECIAL REVENUE.....							
Revenues:							
Assessment income							
Interest on assessments							
Intergovernmental revenues	\$ 8,750	\$147,582		\$255,411	\$ 4,912	\$ 738,271	
Investment income	514	2,304				8,329	\$ 6,287
Sale of food							
Sales and services	29,596				320,296		
Program income						53,705	
Other		50					
Total revenues	38,860	149,936		255,411	325,208	800,305	6,287
Expenditures:							
Current:							
General government							
Public safety						38,802	
Public works and highway						366,889	
Parks, recreation and libraries ..		109,004			226,393	587,304	
Health and human services	101,704			255,411			
Education							
Debt service							
Total expenditures	101,704	109,004		255,411	226,393	992,995	
Excess (deficiency) of revenues over expenditures	(62,844)	40,932			98,815	(192,690)	6,287
Other financing sources:							
Transfers in						50,000	850,000
Net change in fund balances	(62,844)	40,932			98,815	(142,690)	856,287
Fund balance (deficit), July 1, 2004 .	97,334	60,923	\$ - 0 -	- 0 -	114,533	504,182	150,000
Fund balance, June 30, 2005	\$ 34,490	\$101,855	\$ - 0 -	\$ - 0 -	\$213,348	\$ 361,492	\$1,006,287

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2005

	COUNSELING CENTER	WILLOUGHBY WALLACE LIBRARY	TOURISM	EXIT 53 IMPROVEMENT	ELDERLY COMMISSION	BOARD OF EDUCATION SEVERANCE	TOTAL
.....SPECIAL REVENUE.....							
Revenues:							
Assessment income							\$ 47,712
Interest on assessments							17,072
Intergovernmental revenues		\$ 3,503				\$ 536	3,491,067
Investment income	\$ 1,010	6,236	\$ 3				38,651
Sale of food							896,446
Sales and services							660,902
Program income				\$ 365	\$ 247,321		450,172
Other	67,034	6					420,820
Total revenues.....	68,044	9,745	3	365	247,321	536	6,022,842
Expenditures:							
Current:							
General government							404,687
Public safety							366,889
Public works and highway							696,308
Parks, recreation and libraries ..		19,612	5				322,429
Health and human services	36,992						394,107
Education							3,966,639
Debt service							61,014
Total expenditures.....	36,992	19,612	5				6,212,073
Excess (deficiency) of revenues over expenditures	31,052	(9,867)	(2)	365	247,321	536	(189,231)
Other financing sources:							
Transfers in							1,089,192
Net change in fund balances	31,052	(9,867)	(2)	365	247,321	536	899,961
Fund balance (deficit), July 1, 2004 .	51,220	107,520	2	(365)	- 0 -	34,000	2,213,204
Fund balance, June 30, 2005	\$82,272	\$ 97,653	\$-0-	\$ -0-	\$247,321	\$34,536	\$3,113,165

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2005

	DAMASCUS CEMETERY	LESHINE SCHOLARSHIP	CASPAR BLOCK SCHOLARSHIP	GUSTAF NELSON MEMORIAL	JOHN B. HART	CASPAR BLOCK SPECIAL RECREATION GRANT	TOTAL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:								
Assessment income							\$ 47,712	
Interest on assessments							17,072	
Intergovernmental revenues							3,491,067	
Investment income	\$ 8,663	\$ 130	\$ 138	\$ 821	\$ 42	\$ 1,436	\$ 11,230	
Sale of food							49,881	
Sales and services							896,446	
Program income							660,902	
Other							450,172	
							420,820	
Total revenues	8,663	130	138	821	42	1,436	11,230	6,034,072
Expenditures:								
Current:								
General government								404,687
Public safety								366,889
Public works and highway								696,308
Parks, recreation and libraries					1,280		1,280	323,709
Health and human services	2,100	250	250	500			2,100	396,207
Education							1,000	3,967,639
Debt service								61,014
Total expenditures	2,100	250	250	500	1,280		4,380	6,216,453
Excess (deficiency) of revenues over expenditures	6,563	(120)	(112)	321	(1,238)	1,436	6,850	(182,381)
Other financing sources:								
Transfers in								1,089,192
Net change in fund balances	6,563	(120)	(112)	321	(1,238)	1,436	6,850	906,811
Fund balance (deficit), July 1, 2004	113,912	5,519	5,842	34,783	2,498	60,898	223,452	2,436,656
Fund balance, June 30, 2005	\$120,475	\$5,398	\$5,731	\$35,104	\$ 1,260	\$62,334	\$230,302	\$3,343,467

TOWN OF BRANFORD, CONNECTICUT

INTERNAL SERVICE FUND

COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2005

	WORKERS' COMPENSATION FUND	HEART AND HYPERTENSION FUND	INTERFUND ELIMINATIONS	TOTAL
ASSETS:				
Cash and cash equivalents	\$ 867,555	\$271,245		\$1,138,800
Due from other funds	5,595		\$(5,595)	
Total assets.....	873,150	271,245	(5,595)	1,138,800
LIABILITIES:				
Accounts payable	6,889			6,889
Claims incurred not reported	961,506	304,010		1,265,516
Due to other funds	15,695	5,595	(5,595)	15,695
Total liabilities.....	984,090	309,605	(5,595)	1,288,100
NET ASSETS:				
Unrestricted	\$(110,940)	\$(38,360)	\$ - 0 -	\$(149,300)

TOWN OF BRANFORD, CONNECTICUT

INTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

	WORKERS' COMPENSATION FUND	HEART AND HYPERTENSION FUND	INTERFUND ELIMINATIONS	TOTAL
Operating revenues:				
Contributions for benefits.....	\$ 862,000	\$ 154,000		\$1,016,000
Other.....	3,573	5,300		8,873
Total operating revenues	865,573	159,300		1,024,873
Operating expenses:				
Benefit claims.....	866,146	46,980		913,126
Claims administration.....	77,649			77,649
Total operating expenses	943,795	46,980		990,775
Operating income (loss).....	(78,222)	112,320		34,098
Nonoperating income - interest income.....	20,762	6,541		27,303
Change in net assets.....	(57,460)	118,861		61,401
Net assets (deficit), July 1, 2004.....	(53,480)	(157,221)		(210,701)
Net assets (deficit), June 30, 2005.....	<u>\$(110,940)</u>	<u>\$ (38,360)</u>	<u>\$ - 0 -</u>	<u>\$ (149,300)</u>

TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUND

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

	WORKERS' COMPENSATION FUND	HEART AND HYPERTENSION FUND	INTERFUND ELIMINATIONS	TOTAL
Cash flows from (to) operating activities:				
Cash received for benefits.....	\$1,006,405	\$ 154,000		\$1,160,405
Cash paid for benefits and administration.....	(774,033)	(101,437)		(875,470)
Cash received for other	3,573	5,300		8,873
Cash flows from operating activities.....	235,945	57,863		293,808
Cash flows from investing activities:				
Interest income.....	20,762	6,541		27,303
Net increase in cash and cash equivalents.....	256,707	64,404		321,111
Cash and cash equivalents, July 1, 2004.....	610,848	206,841		817,689
Cash and cash equivalents, June 30, 2005.....	\$ 867,555	\$ 271,245	\$ - 0 -	\$1,138,800

RECONCILIATION OF OPERATING INCOME
(LOSS) TO NET CASH PROVIDED (USED)
BY OPERATING ACTIVITIES

Operating income (loss).....	\$ (78,222)	\$112,320	\$ 34,098
Changes in balance sheet accounts:			
Increase (decrease) in payables.....	169,762	(54,457)	115,305
(Increase) decrease in receivables.....	144,405		144,405
Net cash provided by operating activities.....	\$235,945	\$ 57,863	\$293,808

TOWN OF BRANFORD, CONNECTICUT

AGENCY FUND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2005

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u>BRANFORD CONSERVATION COMMISSION</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$1,447	\$34	\$ - 0 -	\$1,481
<u>LIABILITIES</u>				
Due to students, employees and other groups	\$1,447	\$34	\$ - 0 -	\$1,481
<u>SHELLFISH COMMISSION</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$10,623	\$2,807	\$1,168	\$12,262
<u>LIABILITIES</u>				
Due to students, employees and other groups	\$10,623	\$2,807	\$1,168	\$12,262
<u>ACADEMY-ON-THE-GREEN</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$31,837	\$2,079	\$ - 0 -	\$33,916
<u>LIABILITIES</u>				
Due to students, employees and other groups	\$31,837	\$2,079	\$ - 0 -	\$33,916

TOWN OF BRANFORD, CONNECTICUT
 AGENCY FUND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES, ETC.

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u>VOLUNTEER FIREMENS' PENSION FUND</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,265	\$12,000		\$ 13,265
Investments	157,607	51,752	\$32,010	177,349
Due from other funds	12,000		12,000	- 0 -
TOTAL ASSETS	<u>\$170,872</u>	<u>\$63,752</u>	<u>\$44,010</u>	<u>\$190,614</u>
<u>LIABILITIES</u>				
Due to students, employees and other groups	\$170,872	\$51,752	\$32,010	\$190,614
<u>COMMISSION ON SERVICES FOR THE ELDERLY</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$61,507	\$165,887	\$201,099	\$26,295
<u>LIABILITIES</u>				
Accounts payable	\$ 2,662		\$ 2,662	
Due to other funds	1,324		1,324	
Due to students, employees and other groups	57,521	\$165,887	197,113	\$26,295
TOTAL LIABILITIES	<u>\$61,507</u>	<u>\$165,887</u>	<u>\$201,099</u>	<u>\$26,295</u>
<u>STUDENT ACTIVITY FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$614,571	\$1,589,449	\$1,548,762	\$655,258
Investments		137,414		137,414
TOTAL ASSETS	<u>\$614,571</u>	<u>\$1,726,863</u>	<u>\$1,548,762</u>	<u>\$792,672</u>
<u>LIABILITIES</u>				
Due to students, employees and other groups	\$614,571	\$1,726,863	\$1,548,762	\$792,672

TOWN OF BRANFORD, CONNECTICUT
 AGENCY FUND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES, ETC.

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u>TOTAL - ALL FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$721,250	\$1,772,256	\$1,751,029	\$ 742,477
Investments	157,607	189,166	32,010	314,763
Due from other funds	12,000		12,000	- 0 -
TOTAL ASSETS	\$890,857	\$1,961,422	\$1,795,039	\$1,057,240
<u>LIABILITIES</u>				
Accounts payable	\$ 2,662		\$ 2,662	
Due to other funds	1,324		1,324	
Due to students, employees and other groups	886,871	\$1,949,422	1,779,053	\$1,057,240
TOTAL LIABILITIES	\$890,857	\$1,949,422	\$1,783,039	\$1,057,240

TOWN OF BRANFORD, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSCOMPARATIVE SCHEDULE BY SOURCE
JUNE 30, 2005 AND 2004

	2005	2004
Governmental funds capital assets:		
Land.....	\$ 8,751,969	\$ 7,164,837
Land improvements.....	882,115	828,299
Buildings and improvements.....	71,132,233	71,014,203
Furniture and equipment.....	18,051,719	17,291,377
Infrastructure.....	105,231	
Construction in progress.....	<u>25,697,494</u>	<u>25,225,528</u>
TOTAL.....	<u>\$124,620,761</u>	<u>\$121,524,244</u>
Investments in governmental funds capital assets by source:		
Assets acquired prior to July 1, 2002.....	\$112,046,215	\$112,185,888
General Fund revenue/bonds.....	11,436,541	8,834,457
Contributions/donations.....	342,661	73,918
Special Revenue Funds.....	<u>795,344</u>	<u>429,981</u>
TOTAL.....	<u>\$124,620,761</u>	<u>\$121,524,244</u>

TOWN OF BRANFORD, CONNECTICUT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 JUNE 30, 2005

	TOTAL	LAND	LAND IMPROVEMENTS	BUILDINGS AND IMPROVEMENTS	FURNITURE AND EQUIPMENT	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS
General government.....	\$ 8,054,709	\$3,056,936	\$ 81,516	\$ 4,513,864	\$ 402,393		
Public safety.....	9,647,222	292,087	43,038	4,444,285	4,867,812		
Public works and highway.....	39,349,981	1,699,047	91,283	2,535,077	9,221,849	\$105,231	\$25,697,494
Parks, recreation and libraries....	5,631,130	3,161,217	453,278	1,808,312	208,323		
Health and human services.....	1,231,845	52,236	5,900	923,956	249,753		
Education.....	60,705,874	490,446	207,100	56,906,739	3,101,589		
TOTAL.....	\$124,620,761	\$8,751,969	\$882,115	\$71,132,233	\$18,051,719	\$105,231	\$25,697,494

TOWN OF BRANFORD, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2005

	GOVERNMENTAL FUNDS CAPITAL ASSETS			GOVERNMENTAL FUNDS CAPITAL ASSETS
	JULY 1, 2004	ADDITIONS	DELETIONS	JUNE 30, 2005
General government....	\$ 6,396,927	\$1,663,082	\$ 5,300	\$ 8,054,709
Public safety.....	8,933,673	734,623	21,074	9,647,222
Public works and highway.....	38,729,771	713,573	93,363	39,349,981
Parks, recreation and libraries.....	5,650,646	12,578	32,094	5,631,130
Health and human services.....	1,172,143	59,702		1,231,845
Education.....	60,641,084	73,706	8,916	60,705,874
TOTAL.....	<u>\$121,524,244</u>	<u>\$3,257,264</u>	<u>\$160,747</u>	<u>\$124,620,761</u>

TOWN OF BRANFORD, CONNECTICUTSTATEMENT OF DEBT LIMITATION
JUNE 30, 2005

(thousands)

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2005.....					\$66,128
Total tax collections (including interest and lien fees) of coterminous Municipalities (estimated).....					994
Reimbursement for revenue loss on:					
Elderly tax relief.....					17
<u>BASE</u>					<u>\$67,139</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base.....	\$151,063				
4-1/2 times base.....		\$302,126			
3-3/4 times base.....			\$251,771		
3-1/4 times base.....				\$218,202	
3 times base.....					\$201,417
<u>Total</u>	<u>151,063</u>	<u>302,126</u>	<u>251,771</u>	<u>218,202</u>	<u>201,417</u>
Indebtedness:					
Bonds payable.....	7,066	19,980	24,518		
Bonds authorized and unissued	4,600		9,240		
School building grants receivables		(7,044)			
<u>Total indebtedness..</u>	<u>11,666</u>	<u>12,936</u>	<u>33,758</u>		
Debt limitation in excess of outstanding and authorized debt.....	<u>\$139,397</u>	<u>\$289,190</u>	<u>\$218,013</u>	<u>\$218,202</u>	<u>\$201,417</u>

NOTE 1: In no case shall total indebtedness exceed seven times annual receipts from taxation \$469,973.

NOTE 2: Water bonds of \$266 are excluded from the computation above.