

***Financial Statements and
Supplemental Schedules***

Town of Branford

*Year Ended June 30, 2006
With Independent Auditors' Report*

TOWN OF BRANFORD, CONNECTICUT

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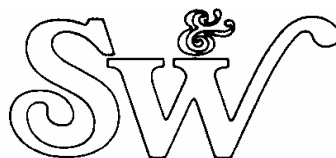
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Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033

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, 2006, 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, 2006, 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 27, 2006 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.

A handwritten signature in black ink that reads "Scully & Wolf LLP". The signature is written in a cursive, flowing style.

October 27, 2006

TOWN OF BRANFORD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS **FOR THE YEAR ENDED JUNE 30, 2006**

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, 2006. 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 \$7,379, or 11.2 percent.
- During the year, the Town had expenses that were \$7,379 less than the \$90,246 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$82,867 with no new programs added this year.
- The General Fund reported a fund balance this year of \$15,064.
- The resources available for appropriation were \$2,502 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, Heart and Hypertension Fund, and Medical 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 \$65,949 to \$73,328. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

Table 1
Net Assets

| | Governmental Activities | |
|---|------------------------------------|--------------------|
| | <u>2006</u> | <u>2005</u> |
| Current and other assets | \$ 42,645 | \$ 37,333 |
| Capital assets | <u>100,960</u> | <u>96,147</u> |
| Total assets | <u>143,605</u> | <u>133,480</u> |
| Long-term debt outstanding..... | 58,647 | 59,467 |
| Other liabilities | <u>11,630</u> | <u>8,064</u> |
| Total liabilities..... | <u>70,277</u> | <u>67,531</u> |
| Net assets: | | |
| Invested in capital assets, net of debt | 44,011 | 40,402 |
| Restricted..... | 239 | 230 |
| Unrestricted | <u>29,078</u> | <u>25,317</u> |
| Total net assets..... | <u>\$ 73,328</u> | <u>\$ 65,949</u> |

Branford experienced an increase in net assets of its governmental activities of 11.2 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 \$25,317 at June 30, 2005 to \$29,078 at the end of this year.

This change in unrestricted governmental net assets was primarily due to increases in the Town's cash position generated by positive results of operations and investments in capital assets. The net assets invested in capital assets, net of debt increased from \$40,402 to \$44,011. This was the result of significant capital asset acquisition during the year. Examples include acquisitions of an ambulance, fire boat, and DPW rolling stock. Additionally there were roof replacements at Indian Neck and Pine Orchard schools and construction in progress payments related to sewer collection and improvements to Cedar Street, Maple Street, Pages Cove and Damascus Road pump stations. In FY 2006 \$25.4 million was transferred from construction in progress to buildings and equipment as upgrades to the Waste Water Treatment Plant and Central, Route 139, and Sybil Creek pump stations were completed.

Table 2
Changes In Net Assets

| | Governmental Activities | |
|--|------------------------------------|--------------------|
| | <u>2006</u> | <u>2005</u> |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 7,327 | \$ 6,995 |
| Operating grants and contributions | 8,343 | 7,286 |
| Capital grants and contributions | 2,787 | 673 |
| General revenues: | | |
| Property taxes | 68,744 | 65,170 |
| Grants and contributions not restricted to specific purposes | 1,371 | 1,518 |
| Unrestricted investment earnings..... | 1,606 | 694 |
| Other general revenues..... | <u>68</u> | <u>159</u> |
| Total revenues | <u>90,246</u> | <u>82,495</u> |
| Program expenses: | | |
| General government..... | 4,772 | 4,599 |
| Public safety | 8,763 | 8,352 |
| Public works and highway | 8,559 | 7,912 |
| Parks, recreation and libraries | 2,320 | 2,224 |
| Health and human services..... | 1,902 | 1,759 |
| Education | 48,329 | 46,506 |
| Pension and insurance..... | 6,061 | 5,719 |
| Interest and debt service..... | <u>2,161</u> | <u>2,158</u> |
| Total program expenses | <u>82,867</u> | <u>79,229</u> |
| Increase in net assets | <u>\$ 7,379</u> | <u>\$ 3,266</u> |

The Town's total revenues were \$90,246. The total cost of all programs and services was \$82,867. Our analysis which follows considers the operations of governmental activities.

Governmental Activities

The General Fund contributed significantly to the Town's overall increase in net assets. Total revenues were \$2,502 higher than budgeted. Of this amount, \$1,447 resulted from strong property tax collections that include prior year levies, interest and penalties. Taxes on the current levy exceeded the budget by \$1,143 as the Town experienced its highest collection rate in 17 years. Charges for services produced revenues that exceeded the budget by \$760. The Town Clerk's Office continued to experience heavy activity in the number of deeds recorded. In addition, the Town conservatively anticipated Town Clerk conveyance fees resulting in an increase of \$510 over budget. Increased activity related to the disposal of septage, North Branford sewer fees, building permit activity and added investment income due to higher short term rates also positively influenced this category and offset shortfalls from declines in solid waste and police extra duty activity.

Expenditures were \$1,506 less than anticipated. The primary factors contributing to the expenditure balance relate to a decline in solid waste and police extra duty activity coupled with positive developments relating to insurance renewals which are generally determined after the budget is adopted. In addition Board of Education expenditures were \$228 less than budgeted. Finally, vacancies in various departments produced savings in direct wages and pension costs.

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

Table 3
Governmental Activities

| | <u>Total Cost of Services</u> | | <u>Net Cost of Services</u> | |
|-------------------------------|--------------------------------------|--------------------|------------------------------------|--------------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| General government..... | \$4,772 | \$4,599 | \$2,864 | \$2,738 |
| Public safety | \$8,763 | \$8,352 | \$6,640 | \$6,639 |
| Public works and highway..... | \$8,559 | \$7,912 | \$5,705 | \$5,964 |
| Education..... | \$48,329 | \$46,506 | \$39,753 | \$39,585 |
| Pension and insurance | \$6,061 | \$5,719 | \$5,732 | \$5,510 |

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 \$18,772, which is an increase from last year's total of \$16,137. Included in this year's total change in fund balance, is an increase of \$993 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 \$78,690. Unexpended appropriations in public safety, public works, education and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$1,506. During the year, the Town was able to appropriate an additional \$819 to fund various pay as you go capital projects and to eliminate a pension liability from the Connecticut Municipal Employees Retirement Fund. Revenues totaled \$79,734 and as stated earlier this amount reflects strong tax collections and charges for services.

The Town's General Fund balance of \$15,065 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$14,786. This is principally because budgetary fund balance does not include \$279 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, 2006, the Town had \$100,960 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 \$4,813 or 5.0 percent, over last year.

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

| | Governmental Activities | |
|-------------------------------|------------------------------------|------------------------|
| | <u>2006</u> | <u>2005</u> |
| Land | \$ 8,961 | \$ 8,752 |
| Land improvements..... | 441 | 464 |
| Buildings | 76,442 | 52,166 |
| Machinery and equipment | 8,841 | 8,964 |
| Construction in progress..... | 6,115 | 25,697 |
| Infrastructure | <u>160</u> | <u>104</u> |
| Totals..... | <u>\$100,960</u> | <u>\$96,147</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 2006-07 budget as adopted does not contemplate any major additions to capital assets. However, the town anticipates authorizing bonds during the 2006-07 fiscal year for various sanitary and pump station improvements as well as open space and school roofs. In addition, expenditures for improvements to the wastewater collection system 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, 2006 the Town had \$50,804 in bonds and notes outstanding versus \$51,262 last year – an increase of \$458 or 1 percent. The Town issued \$4.1 million in bonds this year of which \$3.5 million was for open space projects with the balance to fund roofs and sewer improvements.

The Town's general obligation bond rating from Moody's Investor Services a national rating agency increased from Aa3 to Aa2, and represents the second rating increase from Moody's since 2001. In addition the Town's rating from Standard & Poor's remained AA+ after an increase in FY 2005. 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 \$488 million.

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 2006-2007 budget and corresponding tax rates. The Branford economy compared favorably to the State and the region as measured by a current unemployment rate of 3.4 percent. This compares favorably to a State rate of 4.5 percent and a national rate of 4.4 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 \$83,215 for 2006-2007 which represents an increase of \$3,019 or 3.8 percent as compared to the 2005-2006 amended budget. Increased property taxes (benefiting from the 2005 rate increases and increases in assessed valuations) of \$3,427 will offset a portion of this amount coupled with an appropriated fund balance of \$2,150.

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 or visit the Branford's web site at www.Branford-ct.gov

TOWN OF BRANFORD, CONNECTICUTSTATEMENT OF NET ASSETS
JUNE 30, 2006

| | GOVERNMENTAL ACTIVITIES |
|--|----------------------------|
| <hr/> | |
| ASSETS: | |
| Cash and cash equivalents | \$ 29,493,975 |
| Investments | 210,872 |
| Receivables, net | 12,879,477 |
| Due from Fiduciary Funds - Agency Fund | 5,571 |
| Inventory | 9,335 |
| Prepaid items | 46,022 |
| Capital assets, not being depreciated | 15,077,053 |
| Capital assets being depreciated - net of accumulated depreciation | <u>85,882,631</u> |
| Total assets | <u>143,604,936</u> |
| LIABILITIES: | |
| 11 Accounts and other payables | 3,344,051 |
| Unearned revenue | 3,009,624 |
| Due to Fiduciary Funds - Pension Fund | 417 |
| Clean Water notes | 4,866,877 |
| Other | 408,667 |
| Noncurrent liabilities: | |
| Due within one year | 6,216,791 |
| Due in more than one year | <u>52,430,288</u> |
| Total liabilities | <u>70,276,715</u> |
| NET ASSETS: | |
| Invested in capital assets, net of related debt | 44,010,868 |
| Restricted for Trusts: | |
| Expendable | 143,827 |
| Nonexpendable | 95,420 |
| Unrestricted | <u>29,078,106</u> |
| Total net assets | <u>\$ 73,328,221</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, 2006

| 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 | \$ 4,772,091 | \$1,882,411 | \$ 25,276 | | \$ (2,864,404) |
| Public safety | 8,763,436 | 1,550,191 | 573,465 | | (6,639,780) |
| Public works and highway | 8,559,091 | 1,182,214 | 324,860 | \$1,347,238 | (5,704,779) |
| Parks, recreation and libraries | 2,320,000 | 357,223 | 2,684 | 1,100,000 | (860,093) |
| Health and human services | 1,901,641 | 475,280 | 506,889 | | (919,472) |
| Education | 48,329,011 | 1,550,705 | 6,685,006 | 340,079 | (39,753,221) |
| Pension and insurance | 6,061,056 | 328,959 | | | (5,732,097) |
| Interest and debt service | 2,161,027 | | 224,436 | | (1,936,591) |
| Total governmental activities | <u>\$82,867,353</u> | <u>\$7,326,983</u> | <u>\$8,342,616</u> | <u>\$2,787,317</u> | <u>(64,410,437)</u> |
| General revenues: | | | | | |
| Property taxes | | | | | 68,744,130 |
| Grants and contributions not restricted to specific programs | | | | | 1,370,927 |
| Unrestricted investment earnings | | | | | 1,606,082 |
| Miscellaneous | | | | | <u>68,045</u> |
| Total general revenues | | | | | <u>71,789,184</u> |
| Change in net assets | | | | | 7,378,747 |
| Net assets, July 1, 2005 | | | | | <u>65,949,474</u> |
| Net assets, June 30, 2006 | | | | | <u>\$ 73,328,221</u> |

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

TOWN OF BRANFORD, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2006

| | GENERAL | CAPITAL PROJECTS | SEWER ASSESSMENT | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|---------------------|---------------------|--------------------------------|--------------------------------|
| <u>A S S E T S</u> | | | | | |
| Cash and cash equivalents | \$20,964,288 | \$ 1,991,960 | \$1,123,022 | \$4,006,930 | \$28,086,200 |
| Investments | | | | 210,872 | 210,872 |
| Receivables (Net) | 10,131,335 | 450,000 | 1,332,603 | 965,539 | 12,879,477 |
| Due from other funds | 322,863 | 1,956,951 | | 281,422 | 2,561,236 |
| Inventories | | | | 9,335 | 9,335 |
| Prepaid items | 24,485 | | | | 24,485 |
| TOTAL | <u>\$31,442,971</u> | <u>\$4,398,911</u> | <u>\$2,455,625</u> | <u>\$5,474,098</u> | <u>\$43,771,605</u> |
| <u>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</u> | | | | | |
| Liabilities: | | | | | |
| Accounts and other payables | \$ 1,966,695 | \$ 823,608 | \$ 1,723 | \$ 242,690 | \$ 3,034,716 |
| Due to other funds | 2,383,161 | 262,171 | | 161,805 | 2,807,137 |
| Deferred revenue | 11,619,805 | | 1,332,603 | 929,621 | 13,882,029 |
| Clean water notes | | 4,866,877 | | | 4,866,877 |
| Other | 408,667 | | | | 408,667 |
| Total liabilities | <u>16,378,328</u> | <u>5,952,656</u> | <u>1,334,326</u> | <u>1,334,116</u> | <u>24,999,426</u> |
| Fund balances (deficit): | | | | | |
| Reserved | 278,198 | 1,144,416 | | 104,755 | 1,527,369 |
| Unreserved, reported in: | | | | | |
| General Fund | 14,786,445 | | | | 14,786,445 |
| Special Revenue Funds | | | 1,121,299 | 3,891,400 | 5,012,699 |
| Capital Project Fund | | (2,698,161) | | | (2,698,161) |
| Permanent Funds | | | | 143,827 | 143,827 |
| Total fund balances (deficit) | <u>15,064,643</u> | <u>(1,553,745)</u> | <u>1,121,299</u> | <u>4,139,982</u> | <u>18,772,179</u> |
| TOTAL | <u>\$31,442,971</u> | <u>\$ 4,398,911</u> | <u>\$2,455,625</u> | <u>\$5,474,098</u> | |
| 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 | | | | | 100,959,684 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds | | | | | 10,893,942 |
| 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. | | | | | 594,833 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds | | | | | (57,892,417) |
| Net assets of governmental activities | | | | | <u>\$ 73,328,221</u> |

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, 2006

| | GENERAL | CAPITAL PROJECTS | SEWER ASSESSMENT | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|--------------|---------------------|---------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Property taxes | \$68,805,528 | | | | \$68,805,528 |
| Assessments and interest | | | \$ 530,217 | \$ 52,523 | 582,740 |
| Intergovernmental | 6,642,750 | \$ 452,500 | | 3,483,557 | 10,578,807 |
| Charges for services | 4,692,503 | | | 1,938,976 | 6,631,479 |
| Income on investments | 1,381,136 | 9,989 | 27,306 | 120,079 | 1,538,510 |
| Contributions | | 1,132,761 | | | 1,132,761 |
| Miscellaneous | 842,546 | | | 141,771 | 984,317 |
| Total revenues | 82,364,463 | 1,595,250 | 557,523 | 5,736,906 | 90,254,142 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 4,414,332 | | | 34,443 | 4,448,775 |
| Public safety | 8,093,664 | | | 299,854 | 8,393,518 |
| Public works and highway | 6,471,572 | | 11,155 | 685,787 | 7,168,514 |
| Parks, recreation and libraries | 1,889,897 | | | 338,581 | 2,228,478 |
| Health and human services | 1,420,611 | | | 476,716 | 1,897,327 |
| Education | 42,911,741 | | | 3,841,851 | 46,753,592 |
| Pension and insurance | 6,649,586 | | | | 6,649,586 |
| Capital outlay | 54,029 | 7,491,502 | | | 7,545,531 |
| Debt service | 6,315,520 | | 259,569 | 58,476 | 6,633,565 |
| Total expenditures | 78,220,952 | 7,491,502 | 270,724 | 5,735,708 | 91,718,886 |
| Excess (deficiency) of revenues over expenditures | 4,143,511 | (5,896,252) | 286,799 | 1,198 | (1,464,744) |
| Other financing sources (uses): | | | | | |
| Transfers in | 150,500 | 2,505,400 | | 795,317 | 3,451,217 |
| Transfers out | (3,300,717) | (500) | (150,000) | | (3,451,217) |
| Proceeds from bonds | | 4,100,000 | | | 4,100,000 |
| Total other financing sources (uses) | (3,150,217) | 6,604,900 | (150,000) | 795,317 | 4,100,000 |
| Net change in fund balances | 993,294 | 708,648 | 136,799 | 796,515 | 2,635,256 |
| Fund balance (deficit), July 1, 2005 | 14,071,349 | (2,262,393) | 984,500 | 3,343,467 | |
| Fund balance (deficit), June 30, 2006 | \$15,064,643 | \$ (1,553,745) | \$ 1,121,299 | \$ 4,139,982 | |
| 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 | | | | | 3,641,142 |
| 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 | | | | | (30,714) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | | | | | (34,764) |
| 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 | | | | | 942,711 |
| 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 | | | | | (519,017) |
| 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) | | | | | 744,133 |
| Change in net assets of governmental activities (Exhibit II) | | | | | \$ 7,378,747 |

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

TOWN OF BRANFORD, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF NET ASSETS
JUNE 30, 2006

| | GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE FUNDS |
|-----------------------------------|---|
| <hr/> | |
| ASSETS: | |
| Cash and cash equivalents | \$1,407,775 |
| Due from other funds | <u>379,371</u> |
| Total assets | <u>1,787,146</u> |
| LIABILITIES: | |
| Accounts and other payables | 20,364 |
| Risk management claims | 1,043,633 |
| 15 Due to other funds | <u>128,316</u> |
| Total liabilities | <u>1,192,313</u> |
| NET ASSETS: | |
| Unrestricted | <u>\$ 594,833</u> |

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

TOWN OF BRANFORD, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

| | GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE FUNDS |
|---------------------------------------|---|
| Operating revenues: | |
| Contributions for benefits | \$1,470,181 |
| Other | <u>88,579</u> |
| Total operating revenues | <u>1,558,760</u> |
| Operating expenses: | |
| Benefit claims | 771,296 |
| Claims administration | <u>110,903</u> |
| Total operating expenses | <u>882,199</u> |
| Operating income | 676,561 |
| Nonoperating revenue: | |
| Income on investments | <u>67,572</u> |
| Change in net assets | 744,133 |
| Total net assets, July 1, 2005 | <u>(149,300)</u> |
| Total net assets, June 30, 2006 | <u>\$ 594,833</u> |

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

TOWN OF BRANFORD, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

| | GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE FUNDS |
|---|---|
| Cash flows from (to) operating activities: | |
| Cash received from operating funds | \$ 1,122,303 |
| Cash payments to providers of benefits and administration | (1,009,479) |
| Cash received for other | <u>88,579</u> |
| Net cash provided by operating activities | 201,403 |
| Cash flows from investing activities: | |
| Income on investments | <u>67,572</u> |
| 17 Net increase in cash and cash equivalents | 268,975 |
| Cash and cash equivalents, July 1, 2005 | <u>1,138,800</u> |
| Cash and cash equivalents, June 30, 2006 | <u><u>\$ 1,407,775</u></u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | |
| Operating income | \$ 676,561 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Change in assets and liabilities: | |
| (Increase) decrease in receivables | (64,294) |
| Increase (decrease) in accounts payable | <u>(410,864)</u> |
| Net cash provided by operating activities | <u><u>\$ 201,403</u></u> |

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

TOWN OF BRANFORD, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006

| | PENSION TRUST FUND | AGENCY FUNDS |
|--|--------------------------|--------------------|
| ASSETS: | | |
| Cash and cash equivalents | | \$ 787,796 |
| Investments | \$12,108,674 | 326,929 |
| Accounts receivable | 3,592 | |
| Due from other funds | 417 | |
| Total assets | <u>12,112,683</u> | <u>\$1,114,725</u> |
| LIABILITIES: | | |
| Due to students and others | | \$1,109,154 |
| Due to other funds | | 5,571 |
| Total liabilities | | <u>\$1,114,725</u> |
| NET ASSETS: | | |
| Held in trust for pension benefits | <u>\$12,112,683</u> | |

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

TOWN OF BRANFORD, CONNECTICUTFIDUCIARY FUNDS

STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2006

| | |
|---|----------------------------|
| Additions: | |
| Contributions: | |
| Employer | \$ 675,000 |
| Plan members | 192,549 |
| Other | <u>417</u> |
| Total contributions | 867,966 |
| Investment income: | |
| Net depreciation in fair value of investments . | \$(157,089) |
| Interest and dividends | <u>471,288</u> |
| Net investment income | <u>314,199</u> |
| Total additions | 1,182,165 |
| Deductions: | |
| Benefits | 609,967 |
| Administration | <u>61,492</u> |
| Total deductions | <u>671,459</u> |
| Net increase | 510,706 |
| Net assets held in trust for pension benefits, July 1, 2005 ... | <u>11,601,979</u> |
| Net assets held in trust for pension benefits, June 30, 2006 .. | <u><u>\$12,112,683</u></u> |

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

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

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, the Heart and Hypertension Fund, and the Medical 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 lienied. An amount of \$638,529 has been established as an allowance for uncollectible taxes. At June 30, 2006 this represents 24.7% 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 \$57,892,417 difference are as follows:

| | |
|--|---------------------|
| Bonds payable | \$32,775,000 |
| Unamortized deferred charges | (481,699) |
| Clean Water Fund notes | 18,510,242 |
| Accrued interest payable - bonds | 258,829 |
| Landfill closure | 1,203,000 |
| Compensated absences | 3,994,619 |
| Termination benefits | 805,587 |
| Capital leases payable | 796,697 |
| Accrued interest payable - leases | <u>30,142</u> |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities | <u>\$57,892,417</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 \$10,893,942 difference are as follows:

| | |
|--|---------------------|
| Property taxes | \$ 1,750,632 |
| Accrued interest on property taxes | 860,814 |
| Housing loans | 645,375 |
| School building grants | 6,181,726 |
| Assessments | 1,433,858 |
| Net pension asset | <u>21,537</u> |
| Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities | <u>\$10,893,942</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 \$3,641,142 difference are as follows:

| | |
|--|---------------------|
| Capital outlay | \$ 6,350,086 |
| Depreciation expense | <u>(2,708,944)</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 3,641,142</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 \$942,711 difference are as follows:

| | |
|--|--------------------|
| Principal repayments: | |
| Lease payments..... | \$ 81,131 |
| General obligation debt | 3,665,000 |
| Clean Water notes..... | 980,492 |
| Termination benefits | 402,793 |
| Deferred charges | (86,705) |
| Bonds issued | <u>(4,100,000)</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 942,711</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 \$(34,764) difference are as follows:

| | |
|--|--------------------|
| Property tax receivables..... | \$ (173,487) |
| Accrued interest receivable..... | 112,089 |
| Housing loans receivable | (1,046) |
| School Building grants..... | (862,963) |
| Assessments | (311,072) |
| Contributions capital assets | <u>1,201,715</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (34,764)</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 \$819,500 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 \$1,553,745. The deficit will be funded by future transfers, grants or bonding.

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, 2006:

| | |
|--|---------------------|
| Deposits: | |
| Demand accounts | \$ 6,893,645 |
| Certificates of deposit | 7,690,144 |
| Money Market accounts | <u>3,440,028</u> |
| Total deposits..... | 18,023,817 |
| Petty cash accounts | 900 |
| Cash equivalents: | |
| State Tax Exempt Proceeds Fund (TEPF) | 596,482 |
| State Short-Term Investment Fund (STIF) | 9,895,147 |
| MBIA, Inc. – Cooperative Liquid Assets Securities System (CLASS) | <u>1,765,425</u> |
| TOTAL CASH AND CASH EQUIVALENTS..... | <u>\$30,281,771</u> |

Deposits

At June 30, 2006 the carrying amount of the Town deposits was \$18,023,817 and the bank balance was \$20,084,731.

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, 2006 bank balance, \$1,124,475 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 \$1,996,025, based on June 30, 2006 deposits, was collateralized (collateral held by the pledging bank’s trust department is not in the Town’s name). The balance of deposits of \$16,964,231 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, 2006 the Town’s cash equivalents amounted to \$12,257,054. 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, 2006 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..... | \$ 4,018,466 | 4.34 |
| U.S. government obligations..... | 529,836 | 17.22 |
| Other debt securities | 2,028,153 | 28.47 |
| Other Investments: | | |
| Common stock | 22,978 | |
| Police Pension Fund and Volunteer Firemen's Pension: | | |
| Open ended mutual funds and exchange traded funds .. | <u>6,047,042</u> | |
| TOTAL..... | <u>\$12,646,475</u> | |
| Portfolio weighted average maturity for interest bearing investments | | 12.81 |

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..... | \$470,394 | AAA |
| | \$247,363 | AA |
| | \$514,525 | AA- |
| | \$1,621,058 | A+ |
| | \$1,165,126 | A |
| Other debt securities | \$2,028,153 | 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, 2006, the Town had uninsured and unregistered securities held by the counterparty, or by its trust department or agent valued at \$4,571,280 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..... | \$ 860,814 | | | | \$ 860,814 |
| Taxes | 2,588,169 | | | | 2,588,169 |
| Accounts..... | 543,233 | | | \$ 31,035 | 574,268 |
| Special assessments... | | | \$1,332,603 | 101,255 | 1,433,858 |
| Intergovernmental | 6,777,648 | \$450,000 | | 187,874 | 7,415,522 |
| Loans | | | | 645,375 | 645,375 |
| Pension contribution . | | | | 3,592 | 3,592 |
| Gross receivables | 10,769,864 | 450,000 | 1,332,603 | 969,131 | 13,521,598 |
| Less: allowance for uncollectibles | (638,529) | | | | (638,529) |
| Net total receivables..... | <u>\$10,131,335</u> | <u>\$450,000</u> | <u>\$1,332,603</u> | <u>\$969,131</u> | <u>\$12,883,069</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 | \$ 1,750,632 | |
| Accrued interest | 860,814 | |
| Special assessments not yet due | 1,433,858 | |
| Grant drawdowns and unearned fees | | \$ 516,835 |
| School Building grants..... | 6,181,726 | |
| Housing loans | 645,375 | |
| Advance tax collections and over collections..... | | <u>2,492,789</u> |
| Total deferred/unearned revenue for governmental funds..... | <u>\$10,872,405</u> | <u>\$3,009,624</u> |

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 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..... | \$ 8,751,969 | | \$ 209,700 | | \$ 8,961,669 |
| Construction in progress..... | 25,697,494 | \$(24,770,918) | 5,188,808 | | 6,115,384 |
| Total capital assets, not being depreciated..... | 34,449,463 | (24,770,918) | 5,398,508 | | 15,077,053 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements..... | 71,132,233 | 24,436,955 | 1,471,734 | | 97,040,922 |
| Improvements other than buildings..... | 882,115 | | 9,681 | | 891,796 |
| Machinery and equipment..... | 18,051,719 | 333,963 | 613,396 | \$(228,283) | 18,770,795 |
| Infrastructure..... | 105,231 | | 58,482 | | 163,713 |
| Total capital assets being depreciated..... | 90,171,298 | 24,770,918 | 2,153,293 | (228,283) | 116,867,226 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements..... | 18,966,171 | | 1,632,854 | | 20,599,025 |
| Improvements other than buildings..... | 418,074 | | 32,508 | | 450,582 |
| Machinery and equipment..... | 9,087,629 | | 1,040,129 | (197,569) | 9,930,189 |
| Infrastructure..... | 1,346 | | 3,453 | | 4,799 |
| Total accumulated depreciation..... | 28,473,220 | | 2,708,944 | (197,569) | 30,984,595 |
| Total capital assets, being depreciated, net..... | 61,698,078 | 24,770,918 | (555,651) | (30,714) | 85,882,631 |
| Governmental activities capital assets, net..... | \$96,147,541 | \$ - 0 - | \$4,842,857 | \$ (30,714) | \$100,959,684 |

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..... | \$ 110,810 |
| Public safety..... | 414,986 |
| Public works..... | 773,002 |
| Parks, recreation and libraries..... | 53,897 |
| Health and welfare..... | 34,146 |
| Education..... | <u>1,322,103</u> |
| Total depreciation expense - governmental activities..... | <u>\$2,708,944</u> |

Construction Commitments

The Town has active construction projects as of June 30, 2006. 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) |
| Clean Water/WWTP | \$32,819,452 | \$32,426,279 | | \$393,173 |
| Elementary School Renovation | \$12,819,000 | \$12,819,000 | | |
| High School Renovations | \$26,577,000 | \$26,554,022 | | \$22,978 |
| 1996/1997 Capital Projects | \$474,761 | \$467,661 | | \$7,100 |
| Police Station | \$3,970,000 | \$3,970,000 | | |
| Trolley Trail | \$51,235 | \$49,002 | | \$2,233 |
| Sidewalks and Curbs | \$777,600 | \$755,841 | | \$21,759 |
| Ambulance Fund | \$534,520 | \$501,391 | | \$33,129 |
| Fire Apparatus Fund | \$1,811,702 | \$1,576,358 | \$85,550 | \$149,794 |
| Technology Upgrade (High School) | \$1,400,000 | \$1,400,000 | | |
| Structural Remediation | \$150,000 | \$148,009 | | \$1,991 |
| Town Hall Renovation | \$3,615,000 | \$3,566,192 | \$5,819 | \$42,989 |
| Willoughby Wallace | \$940,000 | \$940,000 | | |
| Bender Property Acquisition | \$2,100,000 | \$1,345,401 | | \$754,599 |
| Tabor Drive Acquisition | \$2,500,000 | \$1,763,845 | \$6,178 | \$729,977 |
| EPA Consent Decree | \$9,520,000 | \$3,688,524 | \$827,381 | \$5,004,095 |
| School Roofs | \$500,000 | \$466,928 | \$13,915 | \$19,157 |
| Branford High School Track | \$400,000 | \$32,226 | | \$367,774 |
| Queach Property Acquisition | \$3,795,000 | \$35,663 | | \$3,759,337 |
| 2006 Capital Projects | \$2,591,951 | \$1,684,839 | \$172,586 | \$734,526 |
| DPW Apparatus | \$218,100 | \$158,123 | | \$59,977 |

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2006, are as follows:

| <u>Interfund Receivable</u> | <u>Interfund Payable</u> | <u>Amount</u> |
|-----------------------------------|-----------------------------------|--------------------|
| Nonmajor Governmental Funds | General Fund | \$ 46,422 |
| General Fund | Nonmajor Governmental Funds | 167,376 |
| General Fund | Internal Service Fund | 128,316 |
| Nonmajor Governmental Funds | Capital Project Fund | 235,000 |
| Capital Project Fund | General Fund | 1,956,951 |
| General Fund | Capital Project Fund | 27,171 |
| Internal Service Fund | General Fund | 379,371 |
| Pension Fund | General Fund | 417 |
| TOTAL | | <u>\$2,941,024</u> |

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

Interfund transfers:

| | <u>.....Transfer In.....</u> | | | |
|--------------------------|------------------------------|-----------------------------|----------------------------------|--------------------|
| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental</u> | <u>Total</u> |
| Transfer out: | | | | |
| General Fund | | \$2,505,400 | \$795,317 | \$3,300,717 |
| Capital Projects..... | \$ 500 | | | 500 |
| Sewer Assessment | 150,000 | | | 150,000 |
| Total transfers out..... | <u>\$150,500</u> | <u>\$2,505,400</u> | <u>\$795,317</u> | <u>\$3,451,217</u> |

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, 2006, 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. | \$32,340,000 | \$4,100,000 | \$3,665,000 | \$32,775,000 | \$3,915,000 |
| Clean water notes..... | 19,490,734 | | 980,492 | 18,510,242 | 1,000,327 |
| Less deferred amounts: | | | | | |
| Refunding bonds | (568,404) | | (86,705) | (481,699) | |
| Total bonds and notes payable | 51,262,330 | 4,100,000 | 4,558,787 | 50,803,543 | 4,915,327 |
| Landfill closure | 1,185,000 | 18,000 | | 1,203,000 | 121,100 |
| Compensated absences..... | 3,667,882 | 326,737 | | 3,994,619 | 209,209 |
| Risk management claims..... | 1,265,516 | | 221,883 | 1,043,633 | 483,548 |
| Capital leases | 877,828 | | 81,131 | 796,697 | 84,814 |
| Termination benefits | 1,208,380 | | 402,793 | 805,587 | 402,793 |
| Governmental activity long-term liabilities..... | <u>\$59,466,936</u> | <u>\$4,444,737</u> | <u>\$5,264,594</u> | <u>\$58,647,079</u> | <u>\$6,216,791</u> |

A schedule of bonds and notes outstanding at June 30, 2006 is presented below:

| | <u>Balance July 1, 2005</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2006</u> |
|--|--|----------------------|-----------------------|---|
| General Obligation: | | | | |
| School, 4.0-5.0%, mature in 2008..... | \$ 1,316,500 | | \$ 484,500 | \$ 832,000 |
| School, 5.9-7.9%, mature in 2009..... | 819,000 | | 205,000 | 614,000 |
| School, 4.5-6.25%, mature in 2017..... | 2,400,000 | | 800,000 | 1,600,000 |
| School, 4.0-5.0%, mature in 2019..... | 7,792,000 | | 756,000 | 7,036,000 |
| School, 2.0-4.1%, mature in 2015..... | 7,620,000 | | 105,000 | 7,515,000 |
| Public improvement, 4.0-5.0%, mature in 2008..... | 291,000 | | 107,500 | 183,500 |
| Public improvement, 5.9-7.9%, mature in 2009..... | 475,000 | | 120,000 | 355,000 |
| Public improvement, 4.0-5.0%, mature in 2019..... | 6,333,000 | | 549,000 | 5,784,000 |
| Public improvement, 3.375-5.0%, mature 2019..... | | \$3,800,000 | | 3,800,000 |
| Public improvement sewer, 3.375-5.0% mature in 2016 | | 300,000 | | 300,000 |
| Public improvement sewer, 4.0-5.0%, mature in 2019 | 4,235,000 | | 290,000 | 3,945,000 |
| Special Assessment: | | | | |
| Sewer, 4.0-5.0%, mature in 2008..... | 86,500 | | 32,000 | 54,500 |
| Sewer, 5.9-7.9%, mature in 2009..... | 706,000 | | 175,000 | 531,000 |
| Water, 4.0-5.0%, mature in 2008..... | 31,000 | | 11,000 | 20,000 |
| Water, 6.8-7.5%, mature in 2012 | 235,000 | | 30,000 | 205,000 |
| Total bonds | 32,340,000 | 4,100,000 | 3,665,000 | 32,775,000 |
| | | | | |
| State of Connecticut, Water, 2%, mature in 2013..... | 118,250 | | 14,091 | 104,159 |
| State of Connecticut, Water, 2%, mature in 2019..... | 935,257 | | 62,273 | 872,984 |
| State of Connecticut, Water, 2%, mature in 2022..... | 18,437,227 | | 904,128 | 17,533,099 |
| Total bonds and notes | \$51,830,734 | \$4,100,000 | \$4,645,492 | \$51,285,242 |

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, 2006, \$7,200,000 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> |
|-----------------------------|---------------------|---------------------|---------------------|
| 2007 | \$ 4,915,327 | \$ 2,172,158 | \$ 7,087,485 |
| 2008 | 5,085,519 | 1,971,969 | 7,057,488 |
| 2009 | 4,516,117 | 1,587,090 | 6,103,207 |
| 2010 | 4,037,131 | 1,230,028 | 5,267,159 |
| 2011 | 4,108,570 | 1,085,516 | 5,194,086 |
| 2012-2016 | 18,541,549 | 3,126,588 | 21,668,137 |
| 2017-2021 | 8,521,085 | 677,909 | 9,198,994 |
| 2022-2025 | 1,559,944 | 20,881 | 1,580,825 |
| TOTAL | <u>\$51,285,242</u> | <u>\$11,872,139</u> | <u>\$63,157,381</u> |

Clean Water Fund Notes

The Town is currently participating in a Capital Project (Wastewater Design Project) under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for “eligible water quality project costs”. The balance of temporary notes outstanding is \$4,866,877. The notes will be converted to permanent financing in the future. The notes carry an interest rate of 2%.

General Obligation Bonds and Notes

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

Bonds Authorized Unissued

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

| <u>Project</u> | <u>Authorization</u> | <u>Bonds Previously Issued and Paydowns</u> | <u>Bonds Authorized Unissued</u> |
|------------------|----------------------|---|--|
| Bender Property | \$2,100,000 | \$1,000,000 | \$1,100,000 |
| EPA Consent Fund | \$9,520,000 | \$660,000 | \$8,860,000 |
| School Roof | \$500,000 | \$300,000 | \$200,000 |
| Queach Property | \$3,795,000 | | \$3,795,000 |

Bond Anticipation Notes

On February 7, 2006, the Town retired \$3,605,000 of bond anticipation notes which were originally issued on June 15, 2005.

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>Balance</u> |
|-----------------------|-------------------|----------------------|----------------|
| | | <u>Indebtedness*</u> | |
| General purpose..... | \$156,976 | \$11,222 | \$145,754 |
| Schools..... | \$313,952 | \$11,615** | \$302,337 |
| Sewers..... | \$261,626 | \$32,201 | \$229,425 |
| Urban renewal..... | \$226,743 | | \$226,743 |
| Pension deficit | \$209,301 | | \$209,301 |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation \$488,369.

* Includes bonds authorized unissued (\$10,160) and excludes water bonds of \$225.

** Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$6,182.

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 \$776,989 reported in the Internal Service Fund at June 30, 2006 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:

| | Current Year Claims | | | |
|--------------|-------------------------------------|--|----------------------------------|--------------------------------------|
| | <u>Liability July 1,</u> | <u>And Changes In Estimates</u> | <u>Claim Payments</u> | <u>Liability June 30,</u> |
| 2005-06..... | \$961,506 | \$694,004 | \$878,521 | \$776,989 |
| 2004-05..... | \$810,411 | \$866,146 | \$715,051 | \$961,506 |

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 \$266,644 at June 30, 2006 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:

| | Liability July 1, | Current Year Claims And Changes In Estimates | Claim Payments | Liability June 30, |
|---------------|------------------------------|---|---------------------------|-------------------------------|
| 2005-06 | \$304,010 | \$77,292 | \$114,658 | \$266,644 |
| 2004-05 | \$354,363 | \$46,980 | \$97,333 | \$304,010 |

The Town created the Medical Self-Insurance Fund at the end of the year. No expenses were incurred in fiscal year 2006. The fund will be used to pay claims for prescription drug costs and dental benefits.

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 2006 fiscal year a major closure project was concluded with the entire top, considered the "Inactive Portion" of the landfill, reaching Substantial Completion by July 15, 2005. To date, \$966,500 has been appropriated and approximately \$1,202,000 was expended. Approximately 90% of the total area of the landform has had final cover applied.

The Town received a \$400,000 grant from the DEP to cap the top of the landfill, with all money now received, including the final \$145,500 in fiscal 2006. It is anticipated that the placement of bulky waste will continue at the front of the landfill until calendar 2008, with closure costs incurred primarily in fiscal 2009. Annual appropriations will continue to be placed in a special revenue fund for the final cover for this front section when it no longer receives waste. The balance of this account is currently \$193,000. Based upon engineer's estimates, with a 25% escalator for recent fuel increases, it is anticipated that future closure costs will be \$270,000 for total final cover costs of \$1,472,000, 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 \$31,100. These costs will be funded through the General Fund on an annual basis. Regulatory changes or acceleration of the schedule for closure of the landfill may require additional appropriations for the accelerated completion of the installation of final cover.

A 77 acre parcel located north of the active landfill was acquired by the Town through eminent domain in 2004. It overlays a portion of, and may be impacted by, the leachate plume originating from the landfill. Since houses had been proposed by a developer on this site, the Town took the proactive stance of purchasing the property to preclude incompatible development, since control of the plume and of any off-site gas migration is required. Environmental investigations and mitigation have begun on this property, with funds for the project on this adjoining acreage provided by bond proceeds 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. No money was spent in the current fiscal year on environmental mitigation. Routine quarterly testing of wells on this parcel are now included in operating costs and in future monitoring costs.

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

| | |
|---|--------------------|
| Final Cover Cost (\$90,000 x 3 fiscal years)..... | \$ 270,000 |
| Postclosure Care Costs (30 years): | |
| Inspection and Maintenance of Final Cover (\$15,400 annually) | 462,000 |
| Monitoring Program, Groundwater and Methane (\$15,700 annually) .. | <u>471,000</u> |
| TOTAL | <u>\$1,203,000</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 \$873,461 this year. General Fund unreserved, undesignated fund balance for fiscal year ended June 30, 2006 as reflected in the BRRFOC's financial statements is \$10.3 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

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

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, 2005, PERS membership consisted of:

| | |
|--|-----------|
| Retirees, disabled and beneficiaries currently receiving benefits | 31 |
| Terminated employees entitled to benefits but not yet receiving them | 3 |
| Active Plan Members..... | <u>49</u> |
| TOTAL | <u>83</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 21.1% of covered payroll.

A change was made in the most recent valuation to reduce the investment rate of return assumption from 8% to 7.75%. The effect of this change was to increase the current annual cost by approximately \$58,000 and to increase the unfunded accrued liability by \$465,000.

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..... | \$ 762,430 |
| Interest on net pension obligation..... | (8,492) |
| Adjustment to annual required contribution..... | <u>9,093</u> |
| Annual pension cost..... | 763,031 |
| Contributions made..... | <u>675,000</u> |
| | |
| Increase (decrease) in net pension obligation..... | 88,031 |
| Net pension obligation beginning of year..... | <u>(109,568)</u> |
| | |
| Net pension obligation (asset) end of year | <u>\$ (21,537)</u> |

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

| | |
|-------------------------------------|------------------------------|
| Actuarial valuation date..... | July 1, 2005 |
| Actuarial cost method..... | Projected Unit Credit |
| Amortization method | Level dollar |
| Remaining amortization period | 27 years closed |
| Asset valuation method..... | 4 years smoothed asset value |
| Actuarial assumptions: | |
| Investment rate of return..... | 7.75% |
| 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> |
|---------------------------------|---|---|--|-----------------------------------|
| 6/30/04 | \$486,576 | 362.0% | \$62,767 | \$1,765,000 |
| 6/30/05 | \$502,665 | 134.3% | \$(109,568) | \$675,000 |
| 6/30/06 | \$762,430 | 88.5% | \$(21,537) | \$675,000 |

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued 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) |
|---|--|---|--|-----------------------------------|------------------------------------|---|
| 7/01/01 | \$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% |
| 7/01/05 | \$11,206,696 | \$15,525,603 | \$(4,318,907) | 72.2% | \$3,353,416 | 128.8% |

Schedule of Employer Contributions

| Year Ended | Annual Required Contribution | Percentage Contributed |
|-----------------------|---|-----------------------------------|
| 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% |
| 6/30/05 | \$502,901 | 134.2% |

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 6.85% 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, 2006, 2005, and 2004 were \$535,636, \$681,892, and \$504,235, 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 \$17,658,050 or 44.6% of the total Town payroll of \$39,579,599.

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, 2006 the Town has recorded in the General Fund, intergovernmental revenue and education expenditures in the amount of \$2,477,607 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, CONNECTICUTGENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2006

| |BUDGETED AMOUNTS..... | | | VARIANCE FAVORABLE (UNFAVORABLE) |
|---------------------------------------|----------------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | ACTUAL | |
| Taxes: | | | | |
| Current Taxes | \$66,143,488 | \$66,143,488 | \$67,286,696 | \$1,143,208 |
| Interest Income | 550,000 | 550,000 | 535,669 | (14,331) |
| Lien Fees | 8,000 | 8,000 | 18,929 | 10,929 |
| Suspense Collections | 9,000 | 9,000 | 17,517 | 8,517 |
| Delinquent Taxes | 648,000 | 648,000 | 930,513 | 282,513 |
| Attorney Fees | | | 4,120 | 4,120 |
| Foreclosure Fees | | | 12,084 | 12,084 |
| Total | 67,358,488 | 67,358,488 | 68,805,528 | 1,447,040 |
| Intergovernmental Revenues: | | | | |
| Education Cost Sharing | 1,346,994 | 1,346,994 | 1,295,968 | (51,026) |
| School Transportation | 210,083 | 210,083 | 209,468 | (615) |
| Health and Welfare | | | 31,173 | 31,173 |
| Principal Subsidy | 719,751 | 719,751 | 953,042 | 233,291 |
| Interest Subsidy | 224,432 | 224,432 | 224,436 | 4 |
| Adult Education | 20,868 | 20,868 | | (20,868) |
| Circuit Breaker Elderly | 200,000 | 200,000 | 219,229 | 19,229 |
| Elderly Tax Relief - Freeze | 20,000 | 20,000 | 16,804 | (3,196) |
| Boat Exemption | 98,245 | 98,245 | 98,245 | |
| Disability Exemption | 3,000 | 3,000 | 2,544 | (456) |
| Veterans' Reimbursement - State | 25,000 | 25,000 | 20,247 | (4,753) |
| Manufacturing PILOT Grant | 390,000 | 390,000 | 354,382 | (35,618) |
| Pequot Grant | 107,088 | 107,088 | 108,109 | 1,021 |
| Private Property Exemption | 120,597 | 120,597 | 121,539 | 942 |
| State Property Exemption | 44,979 | 44,979 | 51,521 | 6,542 |
| State Counseling Grants | 130,000 | 130,000 | 117,072 | (12,928) |
| Miscellaneous State Grants | | | 1,296 | 1,296 |
| COPS Fast | 30,000 | 30,000 | | (30,000) |
| FEMA Grants | | | 26,928 | 26,928 |
| Wild Life Refuge | | | 10,077 | 10,077 |
| Total | 3,691,037 | 3,691,037 | 3,862,080 | 171,043 |

(Continued) - 1.

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

|BUDGETED AMOUNTS..... | | | | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|-----------|-----------|------------|--|
| | ORIGINAL | FINAL | ACTUAL | |
| Licenses, Permits and Fees: | | | | |
| Oil Burner Permits | \$ 100 | \$ 100 | | \$ (100) |
| Building Permits | 325,000 | 325,000 | \$ 611,840 | 286,840 |
| Excavation Permits | 6,000 | 6,000 | 6,210 | 210 |
| Electrical Permits | 23,000 | 23,000 | 48,768 | 25,768 |
| Plumbing Permits | 17,000 | 17,000 | 35,628 | 18,628 |
| Heating, Air Conditioning and Ventilation Permits | 21,000 | 21,000 | 39,189 | 18,189 |
| Sewer Connection Permits | 150 | 150 | 208 | 58 |
| Other Licenses and Permits | 700 | 700 | 375 | (325) |
| Zoning Board of Appeals | 7,500 | 7,500 | 13,499 | 5,999 |
| Planning and Zoning | 15,000 | 15,000 | 21,074 | 6,074 |
| Map Copies - Building and Engineering | 2,000 | 2,000 | 1,228 | (772) |
| Inland Wetlands Applications | 35,000 | 35,000 | 9,719 | (25,281) |
| Inland Wetlands Citations | | | 2,000 | 2,000 |
| Transfer Station Escrow | 322,000 | 322,000 | 106,691 | (215,309) |
| Trip Passes | 2,800 | 2,800 | 2,013 | (787) |
| Permits and Tags - Police | 13,390 | 13,390 | 9,545 | (3,845) |
| Special Wages - Police | 450,000 | 450,000 | 375,701 | (74,299) |
| False Alarm Fees | 20,300 | 20,300 | 14,150 | (6,150) |
| Waste Treatment Fees | 210,000 | 210,000 | 376,462 | 166,462 |
| North Branford Sewer Fees | 310,000 | 310,000 | 422,020 | 112,020 |
| Pump Out Services | 2,500 | 2,500 | 3,235 | 735 |
| Town Clerk Other Monies | 260,000 | 260,000 | 366,899 | 106,899 |
| Conveyance Taxes | 180,000 | 180,000 | 583,354 | 403,354 |
| DEP Licenses - Town Portion | 600 | 600 | 857 | 257 |
| Marriage Licenses - Town Portion | 2,200 | 2,200 | 2,454 | 254 |
| Dog Licenses | 6,000 | 6,000 | 6,876 | 876 |
| Ambulance Service Fees | 1,200,000 | 1,200,000 | 1,114,062 | (85,938) |
| Miscellaneous Permits and Fees - Fire Services | | | 1,170 | 1,170 |
| Counseling Fees and Services | 400,000 | 400,000 | 407,175 | 7,175 |
| Counseling - United Way Contribution | 20,000 | 20,000 | 171 | (19,829) |
| Energy Efficient Program Revenue | | | 35,181 | 35,181 |
| DEP Nutrient Credit | 80,000 | 80,000 | 74,749 | (5,251) |
| Total | 3,932,240 | 3,932,240 | 4,692,503 | 760,263 |
| Interest Income | 1,252,836 | 1,252,836 | 1,381,136 | 128,300 |

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

|BUDGETED AMOUNTS..... | | | | |
|---|---------------------|---------------------|---------------------|--|
| | ORIGINAL | FINAL | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| Other: | | | | |
| Willoughby - Wallace Library Fees | \$ 3,000 | \$ 3,000 | \$ 4,405 | \$ 1,405 |
| Employee Health Insurance Co-pay | 278,038 | 278,038 | 264,905 | (13,133) |
| In Lieu of Taxes - Telephone Access | 290,000 | 290,000 | 203,203 | (86,797) |
| In Lieu of Taxes - SCRW | 195,000 | 195,000 | 173,808 | (21,192) |
| Leases | 5,600 | 5,600 | 5,601 | 1 |
| Telephone Booths | 410 | 410 | 223 | (187) |
| Insurance Claims and Refunds | 10,000 | 10,000 | 62,879 | 52,879 |
| Miscellaneous Refunds | | | 532 | 532 |
| Miscellaneous Income | 10,000 | 10,000 | 26,736 | 16,736 |
| Sale of Town Property | 55,600 | 55,600 | 88,179 | 32,579 |
| Reimbursement Town Services | | | 2,892 | 2,892 |
| Board of Education - Tuition Reimbursement | | | 8,008 | 8,008 |
| COBRA/Dental Reimbursement | | | 1,175 | 1,175 |
| Total | 847,648 | 847,648 | 842,546 | (5,102) |
| Total revenues..... | 77,082,249 | 77,082,249 | 79,583,793 | 2,501,544 |
| Other financing sources: | | | | |
| Transfers in | 150,000 | 150,000 | 150,500 | 500 |
| Total revenue and other financing sources | <u>\$77,232,249</u> | <u>\$77,232,249</u> | 79,734,293 | <u>\$2,502,044</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 | | | 2,477,607 | |
| 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>303,063</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>\$82,514,963</u> | |

TOWN OF BRANFORD, CONNECTICUTGENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2006

| |BUDGETED AMOUNTS..... | | | VARIANCE |
|---------------------------------------|----------------------------|-----------|-----------|----------------------------|
| | ORIGINAL | FINAL | ACTUAL | FAVORABLE (UNFAVORABLE) |
| General Government: | | | | |
| Legislative | \$ 14,370 | \$ 15,967 | \$ 13,304 | \$ 2,663 |
| Executive | 324,128 | 349,128 | 345,985 | 3,143 |
| Finance | 56,641 | 61,966 | 58,966 | 3,000 |
| Treasurer | 326,125 | 333,210 | 322,796 | 10,414 |
| Assessor | 382,905 | 377,580 | 355,969 | 21,611 |
| Review of Assessments | 16,195 | 16,195 | 11,849 | 4,346 |
| Tax Collector | 261,233 | 626,233 | 544,729 | 81,504 |
| Town Clerk | 181,602 | 190,153 | 186,398 | 3,755 |
| Law | 505,000 | 649,420 | 645,841 | 3,579 |
| Labor Relations Negotiations | 50,000 | 62,600 | 59,254 | 3,346 |
| Probate Court | 9,200 | 9,200 | 4,534 | 4,666 |
| Elections | 70,705 | 80,006 | 78,582 | 1,424 |
| Planning and Zoning | 226,716 | 226,716 | 223,521 | 3,195 |
| Zoning Board of Appeals | 8,126 | 8,126 | 7,219 | 907 |
| Development Commission | 6,365 | 6,365 | 4,663 | 1,702 |
| Inland Wetlands Commission | 57,375 | 57,375 | 55,365 | 2,010 |
| General Government Buildings | 652,633 | 729,499 | 680,512 | 48,987 |
| Cable Television | 2,540 | 2,540 | 1,556 | 984 |
| Electronic Data Processing | 562,975 | 574,750 | 573,256 | 1,494 |
| Human Resources | 253,990 | 253,990 | 238,126 | 15,864 |
| Total | 3,968,824 | 4,631,019 | 4,412,425 | 218,594 |
| Public Safety: | | | | |
| Police Service | 4,366,433 | 4,349,046 | 4,319,593 | 29,453 |
| Police Service - Special Detail | 450,000 | 450,000 | 324,224 | 125,776 |
| Fire Protection | 3,341,138 | 3,341,138 | 3,341,101 | 37 |
| Building Department | 123,824 | 126,439 | 126,336 | 103 |
| Total | 8,281,395 | 8,266,623 | 8,111,254 | 155,369 |
| Public Works and Highways: | | | | |
| Public Works | 1,750,207 | 1,770,766 | 1,709,435 | 61,331 |
| Water Pollution Control | 2,043,973 | 2,091,034 | 1,969,961 | 121,073 |
| Sanitation and Waste | 3,000,412 | 2,982,912 | 2,622,474 | 360,438 |
| General Engineering | 175,217 | 175,217 | 173,473 | 1,744 |
| Total | 6,969,809 | 7,019,929 | 6,475,343 | 544,586 |

(Continued) - 1.

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) |
| Recreation: | | | | |
| Branford Recreation Department | \$ 730,325 | \$ 732,825 | \$ 727,200 | \$ 5,625 |
| Parker Park | 61,116 | 61,116 | 51,616 | 9,500 |
| Young's Park Commission | 7,670 | 7,670 | 7,666 | 4 |
| Docks and Recreational Facilities | 32,525 | 32,525 | 32,106 | 419 |
| Public Celebration | 25,494 | 25,494 | 24,077 | 1,417 |
| Conservation Commission | 6,313 | 6,313 | 3,228 | 3,085 |
| Total | 863,443 | 865,943 | 845,893 | 20,050 |
| Libraries: | | | | |
| James Blackstone Memorial Library | 853,779 | 853,779 | 853,779 | |
| Willoughby-Wallace Library | 176,639 | 176,639 | 176,356 | 283 |
| Total | 1,030,418 | 1,030,418 | 1,030,135 | 283 |
| 47 Health and Welfare: | | | | |
| Human Services | 989,216 | 979,436 | 956,422 | 23,014 |
| Commission for the Elderly | 301,821 | 304,321 | 300,619 | 3,702 |
| East Shore District Health | 165,181 | 165,181 | 163,680 | 1,501 |
| Total | 1,456,218 | 1,448,938 | 1,420,721 | 28,217 |
| Board of Education | 40,359,953 | 40,359,953 | 40,131,071 | 228,882 |
| Pension and Insurance: | | | | |
| Pension and Contributions | 2,315,275 | 2,529,275 | 2,335,719 | 193,556 |
| Employee Group Insurance | 3,160,126 | 3,003,106 | 2,952,190 | 50,916 |
| Municipal Insurance | 1,377,810 | 1,402,810 | 1,359,940 | 42,870 |
| Contingency | 610,910 | 7,667 | | 7,667 |
| Total | 7,464,121 | 6,942,858 | 6,647,849 | 295,009 |
| Debt Service: | | | | |
| Principal Retirement | 4,462,537 | 4,401,537 | 4,397,536 | 4,001 |
| Interest and Fiscal Charges | 1,867,814 | 1,928,814 | 1,917,984 | 10,830 |
| Total | 6,330,351 | 6,330,351 | 6,315,520 | 14,831 |
| Total Expenditures | 76,724,532 | 76,896,032 | 75,390,211 | 1,505,821 |

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: | | | | |
| Animal Control Fund | \$ 80,017 | \$ 80,017 | \$ 80,017 | |
| Retiree Benefit Fund | 400,000 | 400,000 | 400,000 | |
| Open Space Fund | 30,300 | 30,300 | 30,300 | |
| Special Programs | 50,000 | 50,000 | 50,000 | |
| Revaluation Fund | 235,000 | 235,000 | 235,000 | |
| Capital Projects Fund: | | | | |
| Ambulance | 100,000 | 100,000 | 100,000 | |
| Fire Apparatus | 100,000 | 100,000 | 100,000 | |
| Sewer Reserve | 200,000 | 200,000 | 200,000 | |
| EPA Consent Decree | 85,000 | 85,000 | 85,000 | |
| DPW Apparatus | 125,000 | 125,000 | 125,000 | |
| Capital Procurement | 1,247,400 | 1,895,400 | 1,895,400 | |
| Total Other Financing Uses | 2,652,717 | 3,300,717 | 3,300,717 | |
| 48 TOTAL | <u>\$79,377,249</u> | <u>\$80,196,749</u> | 78,690,928 | <u>\$1,505,821</u> |
| Budgetary expenditures are different than GAAP expenditures because: | | | | |
| State of Connecticut "on-behalf" contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted | | | 2,477,607 | |
| 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 | | | 50,071 | |
| 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 | | | 303,063 | |
| Total expenditures and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV | | | <u>\$81,521,669</u> | |

TOWN OF BRANFORD, CONNECTICUTGENERAL FUNDCOMPARATIVE BALANCE SHEET
JUNE 30, 2006 AND 2005

| | 2006 | 2005 |
|---|---------------------|---------------------|
| <u>A S S E T S</u> | | |
| Cash and cash equivalents | \$20,964,288 | \$17,753,158 |
| Receivables: | | |
| Taxes (net) | 1,949,640 | 2,092,749 |
| Intergovernmental | 6,777,648 | 7,515,468 |
| Other | 1,404,047 | 1,044,526 |
| Due from other funds | 322,863 | 509,589 |
| Prepaid items | <u>24,485</u> | <u>74,196</u> |
| TOTAL | <u>\$31,442,971</u> | <u>\$28,989,686</u> |
| L I A B I L I T I E S | | |
| A N D | | |
| <u>F U N D B A L A N C E</u> | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 1,966,695 | \$ 1,644,204 |
| Due to other funds | 2,383,161 | 1,548,256 |
| Deferred revenues | 11,619,805 | 11,365,649 |
| Other | <u>408,667</u> | <u>360,228</u> |
| Total liabilities | <u>16,378,328</u> | <u>14,918,337</u> |
| Fund balance: | | |
| Reserved for encumbrances | 253,713 | 303,784 |
| Reserved for prepaid items | 24,485 | 74,196 |
| Unreserved: | | |
| Designated for subsequent year budget | 2,150,000 | 2,145,000 |
| Undesignated - available for appropriation .. | <u>12,636,445</u> | <u>11,548,369</u> |
| Total fund balance | <u>15,064,643</u> | <u>14,071,349</u> |
| TOTAL | <u>\$31,442,971</u> | <u>\$28,989,686</u> |

TOWN OF BRANFORD, CONNECTICUTREPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2006

| GRAND LIST | UNCOLLECTED TAXES JULY 1, 2005 | LAWFUL CORRECTIONS | FORECLOSURES AND ADJUSTMENTS | TRANSFERS TO SUSPENSE | ADJUSTED TAXES COLLECTIBLE |COLLECTIONS..... | | | | UNCOLLECTED TAXES JUNE 30, 2006 |
|------------|--------------------------------------|-----------------------|------------------------------------|-----------------------------|----------------------------------|-----------------------|------------------|-----------------|---------------------|---------------------------------------|
| | | | | | | TAXES | INTEREST | LIENS | TOTAL | |
| 1989..... | \$ 274 | | \$ (274) | | | | | | | |
| 1990..... | 693 | | | | \$ 693 | | | | | \$ 693 |
| 1991..... | 12,014 | | | | 12,014 | | | | | 12,014 |
| 1992..... | 14,899 | | | | 14,899 | | | | | 14,899 |
| 1993..... | 19,985 | | | | 19,985 | \$ 1,369 | \$ 5,761 | | \$ 7,130 | 18,616 |
| 1994..... | 25,773 | | | | 25,773 | 249 | 176 | | 425 | 25,524 |
| 1995..... | 27,012 | \$ 841 | | | 27,853 | | | | | 27,853 |
| 1996..... | 32,834 | | | | 32,834 | 2,040 | 1,280 | \$ 24 | 3,344 | 30,794 |
| 1997..... | 39,607 | | | | 39,607 | 3,020 | 5,878 | 72 | 8,970 | 36,587 |
| 1998..... | 73,787 | | | | 73,787 | 12,015 | 14,416 | 74 | 26,505 | 61,772 |
| 1999..... | 266,926 | (135) | | \$ (187,534) | 79,257 | 15,289 | 11,130 | 240 | 26,659 | 63,968 |
| 2000..... | 344,232 | (226) | | | 344,006 | 51,225 | 43,263 | 552 | 95,040 | 292,781 |
| 2001..... | 401,695 | 17,934 | | | 419,629 | 81,373 | 54,787 | 744 | 136,904 | 338,256 |
| 2002..... | 578,328 | 1,850 | (253) | | 579,925 | 187,243 | 65,636 | 1,220 | 254,099 | 392,682 |
| 2003..... | 1,005,376 | 59,152 | | | 1,064,528 | 546,314 | 108,566 | 2,880 | 657,760 | 518,214 |
| 2004..... | 68,239,508 | (199,295) | | | 68,040,213 | 67,286,696 | 196,869 | 1,687 | 67,485,252 | 753,517 |
| TOTAL... | <u>\$71,082,943</u> | <u>\$ (119,879)</u> | <u>\$ (527)</u> | <u>\$ (187,534)</u> | <u>\$70,775,003</u> | 68,186,833 | 507,762 | 7,493 | 68,702,088 | <u>\$2,588,170</u> |
| | | | Suspense Collections..... | | | 17,517 | 25,385 | | 42,902 | |
| | | | Administrative Fees..... | | | | | 11,434 | 11,434 | |
| | | | TOTAL..... | | | <u>\$68,204,350</u> | <u>\$533,147</u> | <u>\$18,927</u> | <u>\$68,756,424</u> | |

TOWN OF BRANFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2006

| |SPECIAL REVENUE..... | | | | | | | |
|--|------------------------------|------------------|---------------------|-----------------|------------------|-----------------------|------------------|----------------------|
| |BOARD OF EDUCATION..... | | | | | | | |
| | REVALUATION | OPEN SPACE | WATER ASSESSMENT | PROGRAM | DAY CARE | EDUCATIONAL GRANTS | CAFETERIA | ENERGY EFFICIENCY |
| <u>A S S E T S</u> | | | | | | | | |
| Cash and cash equivalents..... | \$269,119 | \$211,220 | \$ 51,811 | \$59,867 | \$222,517 | \$283,859 | \$ 82,361 | \$23,339 |
| Investments..... | | | | | | | | |
| Accounts receivable..... | | | 101,255 | | | | | |
| Intergovernmental..... | | | | | | 4,146 | 47,220 | |
| Due from other funds..... | 235,000 | | | | | | | |
| Inventory..... | | | | | | | 9,335 | |
| TOTAL..... | <u>\$504,119</u> | <u>\$211,220</u> | <u>\$153,066</u> | <u>\$59,867</u> | <u>\$222,517</u> | <u>\$288,005</u> | <u>\$138,916</u> | <u>\$23,339</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..... | | | | \$ 6,264 | \$ 2,205 | | \$ 87,041 | |
| Due to other funds..... | | | | | | \$136,321 | | |
| Deferred revenue..... | | | \$101,255 | 13,039 | | | | |
| Total liabilities | | | 101,255 | 19,303 | 2,205 | 136,321 | 87,041 | |
| Fund balance: | | | | | | | | |
| Reserved: | | | | | | | | |
| Inventory..... | | | | | | | 9,335 | |
| Permanent account..... | | | | | | | | |
| Unreserved: | | | | | | | | |
| Undesignated..... | \$504,119 | \$211,220 | 51,811 | 40,564 | 220,312 | 151,684 | 42,540 | \$23,339 |
| Total fund balance | <u>504,119</u> | <u>211,220</u> | <u>51,811</u> | <u>40,564</u> | <u>220,312</u> | <u>151,684</u> | <u>51,875</u> | <u>23,339</u> |
| TOTAL..... | <u>\$504,119</u> | <u>\$211,220</u> | <u>\$153,066</u> | <u>\$59,867</u> | <u>\$222,517</u> | <u>\$288,005</u> | <u>\$138,916</u> | <u>\$23,339</u> |

TOWN OF BRANFORD, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2006

| |SPECIAL REVENUE..... | | | | | | |
|--------------------------------|---------------------------|---------------------|---------------------------|---------------------------|---------------------|--------------------|----------------------|
| | SMALL CITIES | TOWN AID ROAD | PASS THROUGH GRANTS | PARK AND RECREATION | SPECIAL PROGRAMS | RETIREE BENEFIT | COUNSELING CENTER |
| <u>A S S E T S</u> | | | | | | | |
| Cash and cash equivalents..... | \$ 30,784 | \$137,620 | | \$457,661 | \$134,994 | \$1,464,054 | \$117,121 |
| Investments..... | | | | | | | |
| Accounts receivable..... | 645,375 | | | | 19,421 | | |
| Intergovernmental..... | | | | | 136,508 | | |
| Due from other funds..... | | 6,147 | | | 22,966 | | |
| Inventory..... | | | | | | | |
| TOTAL..... | <u>\$676,159</u> | <u>\$143,767</u> | <u>\$ -0-</u> | <u>\$457,661</u> | <u>\$313,889</u> | <u>\$1,464,054</u> | <u>\$117,121</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..... | \$ 260 | \$ 29,747 | | \$ 5,944 | \$ 95,383 | | \$ 4,292 |
| Due to other funds..... | | 440 | | 7,047 | 16,398 | | |
| Deferred revenue..... | 645,375 | | | 169,952 | | | |
| Total liabilities | <u>645,635</u> | <u>30,187</u> | | <u>182,943</u> | <u>111,781</u> | | <u>4,292</u> |
| Fund balance: | | | | | | | |
| Reserved: | | | | | | | |
| Inventory..... | | | | | | | |
| Permanent account..... | | | | | | | |
| Unreserved: | | | | | | | |
| Undesignated..... | 30,524 | 113,580 | | 274,718 | 202,108 | \$1,464,054 | 112,829 |
| Total fund balance..... | <u>30,524</u> | <u>113,580</u> | | <u>274,718</u> | <u>202,108</u> | <u>1,464,054</u> | <u>112,829</u> |
| TOTAL..... | <u>\$676,159</u> | <u>\$143,767</u> | <u>\$ -0-</u> | <u>\$457,661</u> | <u>\$313,889</u> | <u>\$1,464,054</u> | <u>\$117,121</u> |

TOWN OF BRANFORD, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2006

| |SPECIAL REVENUE..... | | | | | | | |
|--|----------------------------------|------------|------------------------|-----------------------|------------------------------------|-----------------|----------------|--------------------|
| | WILLOUGHBY WALLACE LIBRARY | TOURISM | EXIT 53 IMPROVEMENT | ELDERLY COMMISSION | BOARD OF EDUCATION SEVERANCE | DOG | FOOTE | TOTAL |
| <u>A S S E T S</u> | | | | | | | | |
| Cash and cash equivalents..... | \$ 13,035 | \$2 | | \$250,565 | \$45,480 | \$26,550 | \$2,172 | \$3,884,131 |
| Investments..... | 92,424 | | | | | | | 92,424 |
| Accounts receivable..... | | | \$364 | | | 11,250 | | 777,665 |
| Intergovernmental..... | | | | | | | | 187,874 |
| Due from other funds..... | | | | | | 17,309 | | 281,422 |
| Inventory..... | | | | | | | | 9,335 |
| TOTAL..... | <u>\$105,459</u> | <u>\$2</u> | <u>\$364</u> | <u>\$250,565</u> | <u>\$45,480</u> | <u>\$55,109</u> | <u>\$2,172</u> | <u>\$5,232,851</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..... | \$ 468 | | \$364 | \$ 3,161 | | \$ 5,041 | \$ 520 | \$ 240,690 |
| Due to other funds..... | | \$2 | | | | 1,597 | | 161,805 |
| Deferred revenue..... | | | | | | | | 929,621 |
| Total liabilities..... | <u>468</u> | <u>2</u> | <u>364</u> | <u>3,161</u> | | <u>6,638</u> | <u>520</u> | <u>1,332,116</u> |
| Fund balance: | | | | | | | | |
| Reserved: | | | | | | | | |
| Inventory..... | | | | | | | | 9,335 |
| Permanent account..... | | | | | | | | |
| Unreserved: | | | | | | | | |
| Undesignated..... | <u>104,991</u> | | | <u>247,404</u> | <u>\$45,480</u> | <u>48,471</u> | <u>1,652</u> | <u>3,891,400</u> |
| Total fund balance..... | <u>104,991</u> | | | <u>247,404</u> | <u>45,480</u> | <u>48,471</u> | <u>1,652</u> | <u>3,900,735</u> |
| TOTAL..... | <u>\$105,459</u> | <u>\$2</u> | <u>\$364</u> | <u>\$250,565</u> | <u>\$45,480</u> | <u>\$55,109</u> | <u>\$2,172</u> | <u>\$5,232,851</u> |

TOWN OF BRANFORD, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2006

| |PERMANENT FUND..... | | | | | | | |
|--|--------------------------|------------------------|-----------------------------|------------------------------|-----------------|--|------------------|--|
| | DAMASCUS CEMETERY | LESHINE SCHOLARSHIP | CASPAR BLOCK SCHOLARSHIP | GUSTAF NELSON MEMORIAL | JOHN B. HART | CASPAR BLOCK SPECIAL RECREATION GRANT | TOTAL | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
| <u>A S S E T S</u> | | | | | | | | |
| Cash and cash equivalents..... | \$ 9,753 | \$5,356 | \$5,701 | \$35,954 | \$1,307 | \$64,728 | \$122,799 | \$4,006,930 |
| Investments..... | 118,448 | | | | | | 118,448 | 210,872 |
| Accounts receivable..... | | | | | | | | 777,665 |
| Intergovernmental..... | | | | | | | | 187,874 |
| Due from other funds..... | | | | | | | | 281,422 |
| Inventory..... | | | | | | | | 9,335 |
| TOTAL..... | <u>\$128,201</u> | <u>\$5,356</u> | <u>\$5,701</u> | <u>\$35,954</u> | <u>\$1,307</u> | <u>\$64,728</u> | <u>\$241,247</u> | <u>\$5,474,098</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..... | \$ 2,000 | | | | | | \$ 2,000 | \$ 242,690 |
| Due to other funds..... | | | | | | | | 161,805 |
| Deferred revenue..... | | | | | | | | 929,621 |
| Total liabilities..... | <u>2,000</u> | | | | | | <u>2,000</u> | <u>1,334,116</u> |
| Fund balance: | | | | | | | | |
| Reserved: | | | | | | | | |
| Inventory..... | | | | | | | | 9,335 |
| Permanent account..... | 1,500 | \$4,000 | | \$30,000 | | \$59,920 | 95,420 | 95,420 |
| Unreserved: | | | | | | | | |
| Undesignated..... | 124,701 | 1,356 | \$5,701 | 5,954 | \$1,307 | 4,808 | 143,827 | 4,035,227 |
| Total fund balance..... | <u>126,201</u> | <u>5,356</u> | <u>5,701</u> | <u>35,954</u> | <u>1,307</u> | <u>64,728</u> | <u>239,247</u> | <u>4,139,982</u> |
| TOTAL..... | <u>\$128,201</u> | <u>\$5,356</u> | <u>\$5,701</u> | <u>\$35,954</u> | <u>\$1,307</u> | <u>\$64,728</u> | <u>\$241,247</u> | <u>\$5,474,098</u> |

TOWN OF BRANFORD, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

| |SPECIAL REVENUE..... | | | | | | | |
|---|------------------------------|------------------|---------------------|-----------------|------------------|-----------------------|------------------|----------------------|
| |BOARD OF EDUCATION..... | | | | | | | |
| | REVALUATION | OPEN SPACE | WATER ASSESSMENT | PROGRAM | DAY CARE | EDUCATIONAL GRANTS | CAFETERIA | ENERGY EFFICIENCY |
| Revenues: | | | | | | | | |
| Assessment income..... | | | \$42,013 | | | | | |
| Interest on assessments..... | | | 10,510 | | | | | |
| Intergovernmental revenues..... | | | | | | \$2,127,671 | \$ 222,048 | |
| Investment income..... | \$ 911 | \$ 6,405 | 4,439 | \$ 3,157 | \$ 346 | | 277 | \$ 830 |
| Sale of food..... | | | | | | | 845,246 | |
| Sales and services..... | | | | | | | 26,198 | |
| Program income..... | | | | 84,458 | 594,803 | | | |
| Other..... | | 24,499 | 1,030 | | | | | |
| Total revenues | 911 | 30,904 | 57,992 | 87,615 | 595,149 | 2,127,671 | 1,093,769 | 830 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government..... | | | | | | | | |
| Public safety..... | | | | | | | | |
| Public works and highway..... | | | | | | | | |
| Parks, recreation and libraries.. | | 39,801 | | | | | | |
| Health and human services..... | | | | | | | | |
| Education..... | | | | 81,650 | 585,612 | 2,095,128 | 1,078,461 | |
| Debt service..... | | | 58,476 | | | | | |
| Total expenditures | | 39,801 | 58,476 | 81,650 | 585,612 | 2,095,128 | 1,078,461 | |
| Excess (deficiency) of revenues over expenditures..... | 911 | (8,897) | (484) | 5,965 | 9,537 | 32,543 | 15,308 | 830 |
| Other financing sources: | | | | | | | | |
| Transfers in..... | 235,000 | 30,300 | | | | | | |
| Net change in fund balances..... | 235,911 | 21,403 | (484) | 5,965 | 9,537 | 32,543 | 15,308 | 830 |
| Fund balance, July 1, 2005..... | 268,208 | 189,817 | 52,295 | 34,599 | 210,775 | 119,141 | 36,567 | 22,509 |
| Fund balance, June 30, 2006..... | <u>\$504,119</u> | <u>\$211,220</u> | <u>\$51,811</u> | <u>\$40,564</u> | <u>\$220,312</u> | <u>\$151,684</u> | <u>\$ 51,875</u> | <u>\$23,339</u> |

(Continued) - 1.

TOWN OF BRANFORD, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

| |SPECIAL REVENUE..... | | | | | | |
|---|---------------------------|---------------------|---------------------------|---------------------------|---------------------|--------------------|----------------------|
| | SMALL CITIES | TOWN AID ROAD | PASS THROUGH GRANTS | PARK AND RECREATION | SPECIAL PROGRAMS | RETIREE BENEFIT | COUNSELING CENTER |
| Revenues: | | | | | | | |
| Assessment income..... | | | | | | | |
| Interest on assessments..... | | | | | | | |
| Intergovernmental revenues..... | \$48,044 | \$205,183 | \$254,099 | | \$ 551,074 | | |
| Investment income..... | 648 | 3,859 | | \$ 8,377 | 10,313 | \$ 57,767 | \$ 1,608 |
| Sale of food..... | | | | | | | |
| Sales and services..... | | | | | 41,309 | | |
| Program income..... | 41,896 | | | 277,279 | | | |
| Other..... | | 900 | | 5,596 | 978 | | 67,028 |
| Total revenues | 90,588 | 209,942 | 254,099 | 291,252 | 603,674 | 57,767 | 68,636 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government..... | | | | | 34,441 | | |
| Public safety..... | | | | | 177,767 | | |
| Public works and highway..... | | 198,217 | | | 487,570 | | |
| Parks, recreation and libraries.. | | | | 229,882 | 33,778 | | |
| Health and human services..... | 94,554 | | 254,099 | | 79,502 | | 38,079 |
| Education..... | | | | | | | |
| Debt service..... | | | | | | | |
| Total expenditures | 94,554 | 198,217 | 254,099 | 229,882 | 813,058 | | 38,079 |
| Excess (deficiency) of revenues over expenditures..... | (3,966) | 11,725 | | 61,370 | (209,384) | 57,767 | 30,557 |
| Other financing sources: | | | | | | | |
| Transfers in..... | | | | | 50,000 | 400,000 | |
| Net change in fund balances..... | (3,966) | 11,725 | | 61,370 | (159,384) | 457,767 | 30,557 |
| Fund balance, July 1, 2005..... | 34,490 | 101,855 | - 0 - | 213,348 | 361,492 | 1,006,287 | 82,272 |
| Fund balance, June 30, 2006..... | \$30,524 | \$113,580 | \$ - 0 - | \$274,718 | \$ 202,108 | \$1,464,054 | \$112,829 |

(Continued) - 2.

TOWN OF BRANFORD, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

| |SPECIAL REVENUE..... | | | | | | | |
|---|----------------------------------|---------|------------------------|-----------------------|------------------------------------|-----------|----------|-------------|
| | WILLOUGHBY WALLACE LIBRARY | TOURISM | EXIT 53 IMPROVEMENT | ELDERLY COMMISSION | BOARD OF EDUCATION SEVERANCE | DOG | FOOTE | TOTAL |
| Revenues: | | | | | | | | |
| Assessment income..... | | | | | | | | \$ 42,013 |
| Interest on assessments..... | | | | | | | | 10,510 |
| Intergovernmental revenues..... | \$ 2,684 | | | | \$10,000 | \$ 62,754 | | 3,483,557 |
| Investment income..... | 763 | \$2 | | \$ 5,363 | 944 | | | 106,009 |
| Sale of food..... | | | | | | | | 845,246 |
| Sales and services..... | | | | | | 27,787 | | 95,294 |
| Program income..... | | | | | | | | 998,436 |
| Other..... | 30,663 | | | 1,077 | | | \$10,000 | 141,771 |
| Total revenues | 34,110 | 2 | | 6,440 | 10,944 | 90,541 | 10,000 | 5,722,836 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government..... | | 2 | | | | | | 34,443 |
| Public safety..... | | | | | | 122,087 | | 299,854 |
| Public works and highway..... | | | | | | | | 685,787 |
| Parks, recreation and libraries.. | 26,772 | | | | | | 8,348 | 338,581 |
| Health and human services..... | | | | 6,357 | | | | 472,591 |
| Education..... | | | | | | | | 3,840,851 |
| Debt service..... | | | | | | | | 58,476 |
| Total expenditures | 26,772 | 2 | | 6,357 | | 122,087 | 8,348 | 5,730,583 |
| Excess (deficiency) of revenues over expenditures..... | 7,338 | | | 83 | 10,944 | (31,546) | 1,652 | (7,747) |
| Other financing sources: | | | | | | | | |
| Transfers in..... | | | | | | 80,017 | | 795,317 |
| Net change in fund balances..... | 7,338 | | | 83 | 10,944 | 48,471 | 1,652 | 787,570 |
| Fund balance, July 1, 2005..... | 97,653 | -0- | \$-0- | 247,321 | 34,536 | - 0 - | - 0 - | 3,113,165 |
| Fund balance, June 30, 2006..... | \$104,991 | \$-0- | \$-0- | \$247,404 | \$45,480 | \$48,471 | \$1,652 | \$3,900,735 |

(Continued) - 3.

TOWN OF BRANFORD, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

| | |PERMANENT FUND..... | | | | | CASPAR BLOCK SPECIAL RECREATION GRANT | TOTAL | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|------------------|--------------------------|------------------------|-----------------------------|------------------------------|-----------------|--|-------|--|
| | | DAMASCUS CEMETERY | LESHINE SCHOLARSHIP | CASPAR BLOCK SCHOLARSHIP | GUSTAF NELSON MEMORIAL | JOHN B. HART | | | |
| Revenues: | | | | | | | | | |
| Assessment income..... | | | | | | | | | \$ 42,013 |
| Interest on assessments..... | | | | | | | | | 10,510 |
| Intergovernmental revenues..... | | | | | | | | | 3,483,557 |
| Investment income..... | \$ 9,851 | \$ 208 | \$ 220 | \$ 1,350 | \$ 47 | \$ 2,394 | \$ 14,070 | | 120,079 |
| Sale of food..... | | | | | | | | | 845,246 |
| Sales and services..... | | | | | | | | | 95,294 |
| Program income..... | | | | | | | | | 998,436 |
| Other..... | | | | | | | | | 141,771 |
| Total revenues | 9,851 | 208 | 220 | 1,350 | 47 | 2,394 | 14,070 | | 5,736,906 |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government..... | | | | | | | | | 34,443 |
| Public safety..... | | | | | | | | | 299,854 |
| Public works and highway..... | | | | | | | | | 685,787 |
| Parks, recreation and libraries.. | | | | | | | | | 338,581 |
| Health and human services..... | 4,125 | | | | | | 4,125 | | 476,716 |
| Education..... | | 250 | 250 | 500 | | | 1,000 | | 3,841,851 |
| Debt service..... | | | | | | | | | 58,476 |
| Total expenditures | 4,125 | 250 | 250 | 500 | | | 5,125 | | 5,735,708 |
| Excess (deficiency) of revenues over expenditures..... | 5,726 | (42) | (30) | 850 | 47 | 2,394 | 8,945 | | 1,198 |
| Other financing sources: | | | | | | | | | |
| Transfers in..... | | | | | | | | | 795,317 |
| Net change in fund balances..... | 5,726 | (42) | (30) | 850 | 47 | 2,394 | 8,945 | | 796,515 |
| Fund balance, July 1, 2005..... | 120,475 | 5,398 | 5,731 | 35,104 | 1,260 | 62,334 | 230,302 | | 3,343,467 |
| Fund balance, June 30, 2006..... | <u>\$126,201</u> | <u>\$5,356</u> | <u>\$5,701</u> | <u>\$35,954</u> | <u>\$1,307</u> | <u>\$64,728</u> | <u>\$239,247</u> | | <u>\$4,139,982</u> |

TOWN OF BRANFORD, CONNECTICUTINTERNAL SERVICE FUNDCOMBINING STATEMENT OF NET ASSETS
JUNE 30, 2006

| | MEDICAL FUND | WORKERS' COMPENSATION FUND | HEART AND HYPERTENSION FUND | INTERFUND ELIMINATIONS | TOTAL |
|-----------------------------------|-----------------|----------------------------------|-----------------------------------|---------------------------|-------------|
| ASSETS: | | | | | |
| Cash and cash equivalents..... | | \$1,042,121 | \$365,654 | | \$1,407,775 |
| Due from other funds..... | \$379,371 | 37,088 | | \$(37,088) | 379,371 |
| Total assets | 379,371 | 1,079,209 | 365,654 | (37,088) | 1,787,146 |
| LIABILITIES: | | | | | |
| Accounts payable..... | | 20,364 | | | 20,364 |
| Claims incurred not reported..... | | 776,989 | 266,644 | | 1,043,633 |
| Due to other funds..... | | 128,316 | 37,088 | (37,088) | 128,316 |
| Total liabilities | | 925,669 | 303,732 | (37,088) | 1,192,313 |
| NET ASSETS: | | | | | |
| Unrestricted..... | \$379,371 | \$153,540 | \$ 61,922 | \$ - 0 - | \$ 594,833 |

TOWN OF BRANFORD, CONNECTICUTINTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

| | MEDICAL FUND | WORKERS' COMPENSATION FUND | HEART AND HYPERTENSION FUND | INTERFUND ELIMINATIONS | TOTAL |
|---|------------------|----------------------------------|-----------------------------------|---------------------------|-------------------|
| Operating revenues: | | | | | |
| Contributions for benefits | \$379,371 | \$ 925,810 | \$165,000 | | \$1,470,181 |
| Other | | 88,579 | | | 88,579 |
| Total operating revenues..... | 379,371 | 1,014,389 | 165,000 | | 1,558,760 |
| Operating expenses: | | | | | |
| Benefit claims | | 694,004 | 77,292 | | 771,296 |
| Claims administration | | 110,903 | | | 110,903 |
| Total operating expenses..... | | 804,907 | 77,292 | | 882,199 |
| Operating income | 379,371 | 209,482 | 87,708 | | 676,561 |
| Nonoperating income - interest income | | 54,998 | 12,574 | | 67,572 |
| Change in net assets | 379,371 | 264,480 | 100,282 | | 744,133 |
| Net assets (deficit), July 1, 2005 | - 0 - | (110,940) | (38,360) | \$ - 0 - | (149,300) |
| Net assets, June 30, 2006 | <u>\$379,371</u> | <u>\$ 153,540</u> | <u>\$ 61,922</u> | <u>\$ - 0 -</u> | <u>\$ 594,833</u> |

TOWN OF BRANFORD, CONNECTICUTINTERNAL SERVICE FUNDCOMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

| | MEDICAL FUND | WORKERS' COMPENSATION FUND | HEART AND HYPERTENSION FUND | INTERFUND ELIMINATIONS | TOTAL |
|--|-----------------|----------------------------------|-----------------------------------|---------------------------|--------------|
| Cash flows from (to) operating activities: | | | | | |
| Cash received for benefits | | \$ 925,810 | \$ 196,493 | | \$ 1,122,303 |
| Cash paid for benefits and administration | | (894,821) | (114,658) | | (1,009,479) |
| Cash received for other | | 88,579 | | | 88,579 |
| Cash flows from operating activities | | 119,568 | 81,835 | | 201,403 |
| Cash flows from investing activities: | | | | | |
| Interest income | | 54,998 | 12,574 | | 67,572 |
| Net increase in cash and cash equivalents | | 174,566 | 94,409 | | 268,975 |
| Cash and cash equivalents, July 1, 2005 | \$ - 0 - | 867,555 | 271,245 | | 1,138,800 |
| Cash and cash equivalents, June 30, 2006 | \$ - 0 - | \$1,042,121 | \$ 365,654 | \$ - 0 - | \$ 1,407,775 |
| 61 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | | |
| Operating income | \$ 379,371 | \$209,482 | \$87,708 | | \$ 676,561 |
| Changes in balance sheet accounts: | | | | | |
| Increase (decrease) in payables | | (58,421) | (5,873) | | (64,294) |
| (Increase) decrease in receivables | (379,371) | (31,493) | | | (410,864) |
| Net cash provided by operating activities | \$ - 0 - | \$119,568 | \$81,835 | \$ - 0 - | \$ 201,403 |

TOWN OF BRANFORD, CONNECTICUT

AGENCY FUND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2006

| | BALANCE JULY 1, 2005 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30, 2006 |
|--|-------------------------|-----------------|----------------|--------------------------|
| <u>BRANFORD CONSERVATION COMMISSION</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents..... | <u>\$1,481</u> | <u>\$57</u> | <u>\$-0-</u> | <u>\$1,538</u> |
| <u>LIABILITIES</u> | | | | |
| Due to students, employees and other groups..... | <u>\$1,481</u> | <u>\$57</u> | <u>\$-0-</u> | <u>\$1,538</u> |
| <u>SHELLFISH COMMISSION</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents..... | <u>\$12,262</u> | <u>\$35,473</u> | <u>\$4,809</u> | <u>\$42,926</u> |
| <u>LIABILITIES</u> | | | | |
| Due to students, employees and other groups..... | <u>\$12,262</u> | <u>\$35,473</u> | <u>\$4,809</u> | <u>\$42,926</u> |
| <u>ACADEMY-ON-THE-GREEN</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents..... | <u>\$33,916</u> | <u>\$2,540</u> | <u>\$9,854</u> | <u>\$26,602</u> |
| <u>LIABILITIES</u> | | | | |
| Due to students, employees and other groups..... | <u>\$33,916</u> | <u>\$2,540</u> | <u>\$9,854</u> | <u>\$26,602</u> |

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

| | BALANCE JULY 1, 2005 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30, 2006 |
|--|-------------------------|--------------------|--------------------|--------------------------|
| <u>VOLUNTEER FIREMENS' PENSION FUND</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents..... | \$ 13,265 | | | \$ 13,265 |
| Investments..... | 177,349 | \$45,792 | \$33,928 | 189,213 |
| TOTAL ASSETS | <u>\$190,614</u> | <u>\$45,792</u> | <u>\$33,928</u> | <u>\$202,478</u> |
| <u>LIABILITIES</u> | | | | |
| Due to students, employees and other groups..... | <u>\$190,614</u> | <u>\$45,792</u> | <u>\$33,928</u> | <u>\$202,478</u> |
| <u>COMMISSION ON SERVICES FOR THE ELDERLY</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents..... | <u>\$26,295</u> | <u>\$166,740</u> | <u>\$157,908</u> | <u>\$35,127</u> |
| <u>LIABILITIES</u> | | | | |
| Due to students, employees and other groups..... | \$26,295 | \$161,169 | \$157,908 | \$29,556 |
| Due to other funds..... | - 0 - | 5,571 | | 5,571 |
| TOTAL LIABILITIES | <u>\$26,295</u> | <u>\$166,740</u> | <u>\$157,908</u> | <u>\$35,127</u> |
| <u>STUDENT ACTIVITY FUNDS</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents..... | \$655,258 | \$1,857,049 | \$1,843,969 | \$668,338 |
| Investments..... | 137,414 | 7,103 | 6,801 | 137,716 |
| TOTAL ASSETS | <u>\$792,672</u> | <u>\$1,864,152</u> | <u>\$1,850,770</u> | <u>\$806,054</u> |
| <u>LIABILITIES</u> | | | | |
| Due to students, employees and other groups..... | <u>\$792,672</u> | <u>\$1,864,152</u> | <u>\$1,850,770</u> | <u>\$806,054</u> |

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

| | BALANCE JULY 1, 2005 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30, 2006 |
|--|-------------------------|--------------------|--------------------|--------------------------|
| <u>TOTAL - ALL FUNDS</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents..... | \$ 742,477 | \$2,061,859 | \$2,016,540 | \$ 787,796 |
| Investments..... | 314,763 | 52,895 | 40,729 | 326,929 |
| TOTAL ASSETS | <u>\$1,057,240</u> | <u>\$2,114,754</u> | <u>\$2,057,269</u> | <u>\$1,114,725</u> |
| <u>LIABILITIES</u> | | | | |
| Due to students, employees and other groups..... | \$1,057,240 | \$2,109,183 | \$2,057,269 | \$1,109,154 |
| Due to other funds..... | - 0 - | 5,571 | | 5,571 |
| TOTAL LIABILITIES | <u>\$1,057,240</u> | <u>\$2,114,754</u> | <u>\$2,057,269</u> | <u>\$1,114,725</u> |

TOWN OF BRANFORD, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSCOMPARATIVE SCHEDULE BY SOURCE
JUNE 30, 2006 AND 2005

| | 2006 | 2005 |
|---|----------------------|----------------------|
| Governmental funds capital assets: | | |
| Land..... | \$ 8,961,669 | \$ 8,751,969 |
| Land improvements..... | 891,796 | 882,115 |
| Buildings and improvements..... | 97,040,922 | 71,132,233 |
| Furniture and equipment..... | 18,770,795 | 18,051,719 |
| Infrastructure..... | 163,713 | 105,231 |
| Construction in progress..... | <u>6,115,384</u> | <u>25,697,494</u> |
| TOTAL..... | <u>\$131,944,279</u> | <u>\$124,620,761</u> |
| Investments in governmental funds capital assets by source: | | |
| Assets acquired prior to July 1, 2002..... | \$111,863,097 | \$112,046,215 |
| General Fund revenue/bonds..... | 17,479,549 | 11,436,541 |
| Contributions/donations..... | 1,568,265 | 342,661 |
| Special Revenue Funds..... | <u>1,033,368</u> | <u>795,344</u> |
| TOTAL..... | <u>\$131,944,279</u> | <u>\$124,620,761</u> |

TOWN OF BRANFORD, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2006

| | TOTAL | LAND | LAND IMPROVEMENTS | BUILDINGS AND IMPROVEMENTS | FURNITURE AND EQUIPMENT | INFRASTRUCTURE | CONSTRUCTION IN PROGRESS |
|--------------------------------------|----------------------|--------------------|----------------------|----------------------------------|-------------------------------|------------------|-----------------------------|
| General Government | \$ 7,961,804 | \$3,056,936 | \$ 81,516 | \$ 4,528,339 | \$ 295,013 | | |
| Public Safety | 10,052,520 | 292,087 | 43,038 | 4,444,285 | 5,063,110 | | \$ 210,000 |
| Public Works and Highway | 45,582,304 | 1,699,047 | 100,964 | 27,964,047 | 9,821,795 | \$163,713 | 5,832,738 |
| Parks, Recreation and Libraries | 5,824,925 | 3,370,917 | 453,278 | 1,818,307 | 182,423 | | |
| Health and Human Services | 1,221,345 | 52,236 | 5,900 | 923,956 | 239,253 | | |
| Education | 61,301,381 | 490,446 | 207,100 | 57,361,988 | 3,169,201 | | 72,646 |
| TOTAL | <u>\$131,944,279</u> | <u>\$8,961,669</u> | <u>\$891,796</u> | <u>\$97,040,922</u> | <u>\$18,770,795</u> | <u>\$163,713</u> | <u>\$6,115,384</u> |

TOWN OF BRANFORD, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2006

| | GOVERNMENTAL FUNDS CAPITAL ASSETS | | | GOVERNMENTAL FUNDS CAPITAL ASSETS |
|--|---|--------------------|------------------|---|
| | JULY 1, 2005 | ADDITIONS | DELETIONS | JUNE 30, 2006 |
| General government | \$ 8,054,709 | \$ 28,663 | \$121,568 | \$ 7,961,804 |
| Public safety | 9,647,222 | 450,463 | 45,165 | 10,052,520 |
| Public works and highway | 39,349,981 | 6,257,473 | 25,150 | 45,582,304 |
| Parks, recreation and libraries | 5,631,130 | 219,695 | 25,900 | 5,824,925 |
| Health and human services | 1,231,845 | | 10,500 | 1,221,345 |
| Education | 60,705,874 | 595,507 | | 61,301,381 |
| TOTAL | <u>\$124,620,761</u> | <u>\$7,551,801</u> | <u>\$228,283</u> | <u>\$131,944,279</u> |

TOWN OF BRANFORD, CONNECTICUTSTATEMENT OF DEBT LIMITATION
JUNE 30, 2006

(thousands)

| | | | | | |
|---|----------------------------|------------------|------------------|--------------------------|----------------------------|
| Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2005..... | | | | | \$68,756 |
| Total tax collections (including interest and lien fees) of coterminous Municipalities (estimated)..... | | | | | 994 |
| Reimbursement for revenue loss on: Elderly tax relief..... | | | | | <u>17</u> |
| BASE | | | | | <u>\$69,767</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..... | \$156,976 | | | | |
| 4-1/2 times base..... | | \$313,952 | | | |
| 3-3/4 times base..... | | | \$261,626 | | |
| 3-1/4 times base..... | | | | \$226,743 | |
| 3 times base..... | | | | | \$209,301 |
| Total | <u>156,976</u> | <u>313,952</u> | <u>261,626</u> | <u>226,743</u> | <u>209,301</u> |
| Indebtedness: | | | | | |
| Bonds payable..... | 10,122 | 17,597 | 23,341 | | |
| Bonds authorized and unissued | 1,100 | 200 | 8,860 | | |
| School building grants receivables | | (6,182) | | | |
| Total indebtedness.. | <u>11,222</u> | <u>11,615</u> | <u>32,201</u> | | |
| Debt limitation in excess of outstanding and authorized debt..... | <u>\$145,754</u> | <u>\$302,337</u> | <u>\$229,425</u> | <u>\$226,743</u> | <u>\$209,301</u> |

NOTE 1: In no case shall total indebtedness exceed seven times annual receipts from taxation \$488,369.

NOTE 2: Water bonds of \$225 are excluded from the computation above.