



*Financial Statements and  
Supplemental Schedules*

*Town of Branford*

*Year Ended June 30, 2004  
With Independent Auditors' Report*



*Scully & Wolf, LLP*

*Certified Public Accountants  
and Consultants*

**TOWN OF BRANFORD, CONNECTICUT**

**TABLE OF CONTENTS**

**JUNE 30, 2004**

**Page**

**FINANCIAL SECTION**

Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	3

**Exhibit**

Basic Financial Statements:

Government-wide Financial Statements:

I	Statement of Net Assets.....	11
II	Statement of Activities .....	12
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet .....	13
IV	Statement of Revenues, Expenditures and Changes in Fund Balances.....	14
	Proprietary Funds:	
V	Statement of Net Assets.....	15
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets .....	16
VII	Statement of Cash Flows .....	17
	Fiduciary Funds:	
VIII	Statement of Fiduciary Net Assets .....	18
IX	Statement of Changes in Plan Net Assets – Pension Trust Fund .....	19
	Notes to Financial Statements .....	20

Required Supplementary Information:

General Fund:

RSI-1	Schedule of Revenues and Other Financing Sources – Budget and Actual .....	42
RSI-2	Schedule of Expenditures and Other Financing Uses – Budget and Actual .....	45

Combining and Individual Fund Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet.....	48
A-2	Report of Tax Collector.....	49

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet .....	50
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	54

Internal Service Fund:

C-1	Combining Statement of Net Assets.....	58
C-2	Combining Statement of Revenues, Expenses and Changes in Net Assets .....	59
C-3	Combining Statement of Cash Flows .....	60

**Exhibit**

Combining and Individual Fund Statements and Schedules (continued):

	Agency Funds:	
D	Combining Statement of Changes in Assets and Liabilities .....	61
	Capital Assets Used in the Operation of Governmental Funds:	
E-1	Comparative Schedule by Source.....	64
E-2	Schedule by Function and Activity .....	65
E-3	Schedule of Changes by Function and Activity .....	66
	Long-Term Debt:	
F	Statement of Debt Limitation .....	67

---



*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, 2004, 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, 2004, 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 15, 2004 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 42 through 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

October 15, 2004

A handwritten signature in cursive script that reads "Scully & Wolf LLP". The signature is written in black ink and is positioned to the right of the date.

## TOWN OF BRANFORD, CONNECTICUT

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2004

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, 2004. 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 \$2,646, or 4.4 percent.
- During the year, the Town had expenses that were \$2,646 less than the \$77,315 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$74,669 with no new programs added this year.
- The General Fund reported a fund balance this year of \$13,668.
- The resources available for appropriation were \$1,921 more than budgeted for the General Fund. Expenditures were kept within spending limits.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### ***Government-Wide Financial Statements***

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

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

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

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

### ***Fund Financial Statements***

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Town’s combined net assets increased from a year ago increasing from \$60,038 to \$62,684. 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*

	<b>Governmental Activities</b>	
	<u>2004</u>	<u>2003</u>
Current and other assets .....	\$ 36,334	\$ 38,856
Capital assets.....	<u>95,360</u>	<u>93,785</u>
Total assets .....	<u>131,684</u>	<u>132,641</u>
Long-term debt outstanding.....	63,359	66,732
Other liabilities.....	<u>5,641</u>	<u>5,871</u>
Total liabilities.....	<u>69,000</u>	<u>72,603</u>
Net assets:		
Invested in capital assets, net of debt.....	38,138	33,771
Restricted.....	224	217
Unrestricted.....	<u>24,322</u>	<u>26,050</u>
Total net assets.....	<u>\$ 62,684</u>	<u>\$ 60,038</u>

Branford experienced an increase in net assets of its governmental activities of 4.4 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 \$26,050 at June 30, 2003 to \$24,322 at the end of this year.

This change in unrestricted governmental net assets was primarily due to the investment in capital assets. The net assets invested in capital assets, net of debt increased from \$33,771 to \$38,138. This was the result of significant capital asset acquisition during the year including the acquisition of 77 acres of open space, HVAC improvements in the schools and the capitalization of the additions and modifications to the Town Hall.



**Table 2**  
**Changes In Net Assets**

	<b>Governmental Activities</b>	
	<u>2004</u>	<u>2003</u>
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services.....	\$ 6,722	\$ 6,425
Operating grants and contributions.....	6,414	6,833
Capital grants and contributions.....	270	524
<b>General revenues:</b>		
Property taxes.....	61,923	60,216
Grants and contributions not restricted to specific purposes.....	1,627	1,819
Unrestricted investment earnings.....	358	465
Other general revenues.....	<u>1</u>	<u>60</u>
<b>Total revenues.....</b>	<u>77,315</u>	<u>76,342</u>
<b>Program expenses:</b>		
General government.....	4,221	3,948
Public safety.....	7,899	7,767
Public works and highway.....	7,142	7,318
Parks, recreation and libraries.....	2,282	2,051
Health and human services.....	1,740	1,867
Education.....	43,922	41,253
Pension and insurance.....	5,297	5,205
Interest and debt service.....	<u>2,166</u>	<u>2,918</u>
<b>Total program expenses.....</b>	<u>74,669</u>	<u>72,327</u>
<b>Increase in net assets.....</b>	<u>\$ 2,646</u>	<u>\$ 4,015</u>

The Town's total revenues were \$77,315. The total cost of all programs and services was \$74,669. 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 \$1,921 higher than budgeted. Of this amount \$452 resulted from strong property tax collections which include prior year levies, interest and penalties. Taxes on the current levy exceeded the budget by \$513 as the Town continues to experience a favorable collection rate. Charges for services produced revenues that exceeded the budget by \$1,335. The increase was fueled by an increase in ambulance revenues which exceeded projections \$307. The Town Clerk's Office experienced heavy activity in the number of deeds recorded coupled with the increase in real estate conveyance fees that went into effect in March 2003 resulting in an excess of anticipated revenues of \$529. Increased activity related to the disposal of contaminated soil, septage, North Branford sewer fees and building permit activity resulted in additional increases to this category.

Expenditures were \$1,172 less than anticipated due to vacancies in various departments that produced savings in direct wages and pension costs. Other areas of the budget that were below budgeted estimates include police extra duty wages, contingency and insurance.

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General government.....	\$4,221	\$3,948	\$2,559	\$2,249
Public safety.....	\$7,899	\$7,767	\$6,115	\$6,503
Public works and highway .....	\$7,142	\$7,318	\$5,482	\$5,177
Education .....	\$43,922	\$41,253	\$37,302	\$35,414
Pension and insurance.....	\$5,297	\$5,205	\$5,153	\$5,108

**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 \$15,978, which is a decrease from last year's total of \$17,071. Included in this year's total change in fund balance, is an increase of \$198 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 \$71,825. Unexpended appropriations in public safety, public works, and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$1,172. Despite the overall positive experience with regard to expenditures the Town was required to allocate considerable resources to increase its funding for the pension liabilities. The Town appropriated an additional \$890 in pension contributions, which coupled with revised actuarial estimates to reflect lower than anticipated wage settlements, resulted in a decrease in the net pension obligation of \$1,278. Revenues totaled \$71,582 and as stated earlier this amount reflects strong tax collections and charges for services.

The Town’s General Fund balance of \$13,668 reported on Exhibit III differs from the General Fund’s budgetary fund balance of \$12,634. This is principally because budgetary fund balance does not include \$1,034 of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2004, the Town had \$95,360 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 \$1,575, or 1.7 percent, over last year.

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

	<b>Governmental Activities</b>	
	<u>2004</u>	<u>2003</u>
Land .....	\$ 7,165	\$ 5,812
Land improvements .....	444	244
Buildings .....	53,412	51,374
Machinery and equipment.....	9,114	8,010
Construction in progress .....	<u>25,225</u>	<u>28,345</u>
Totals.....	<u>\$95,360</u>	<u>\$93,785</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 2004-05 budget as adopted does not contemplate any major additions to capital assets. However, it is anticipated that the Town will authorize bonds during the 2004-05 fiscal year for various sanitary and pump station improvements. In addition, the wastewater treatment plant expenditures will move from the construction in progress category to the building category. More detailed information about the Town's capital assets is presented in Note 1 and Note 6 to the financial statements.

### ***Long-term debt***

At June 30, 2004 the Town had \$55,611 in bonds and notes outstanding versus \$60,014 last year – a decrease of \$4,403 or 7.3 percent.

The Town refunded school construction bonds from a 1997 bond issue which carried an interest rate of 4.9 percent. The new rate of 3.77 percent coupled with a restructuring of the debt repayments resulted in a present value savings of \$197.

The Town's general obligation bond rating continues to carry the Aa3, a rating that has been assigned by Moody's a national rating agency since 2001. In addition the Town's rating from Standard & Poor's increased from AA to AA+. 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 \$443,000.

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 2004-2005 budget and corresponding tax rates. The Branford economy compared favorably to the State and the region as measured by a current unemployment rate of 3.5 percent. This compares favorably to a State rate of 4.2 percent and a national rate of 5.1 percent. Town officials confronted a number of unique and vexing challenges while formulating the budget including, but not limited to, the uncertainty with regard to State assistance and its detrimental trickle down effect on municipalities; 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 \$75,106 for 2004-2005 which represents an increase of \$2,109 or 2.9 percent as compared to the 2003-2004 amended budget. Increased property taxes (benefiting from the 2004 rate increases and increases in assessed valuations) of \$7,324 will offset a portion of this amount coupled with an appropriated fund balance of \$2,445.

## **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, 1019 Main Street, Branford, Connecticut 06405.

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF NET ASSETS  
JUNE 30, 2004

	GOVERNMENTAL ACTIVITIES
<b>ASSETS:</b>	
Cash and cash equivalents .....	\$ 19,837,470
Investments .....	192,388
Receivables, net .....	16,219,343
Inventory .....	10,342
Prepaid items .....	62,833
Due from Fiduciary Funds .....	1,324
Capital assets, net .....	<u>95,360,418</u>
Total assets .....	<u>131,684,118</u>
<b>LIABILITIES:</b>	
Accounts and other payables .....	3,614,229
Due to Fiduciary Funds .....	12,000
Unearned revenue .....	1,287,944
Other .....	727,435
Noncurrent liabilities:	
Due within one year .....	5,419,306
Due in more than one year .....	<u>57,939,383</u>
Total liabilities .....	<u>69,000,297</u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt .....	38,138,112
Restricted for Trusts:	
Expendable .....	120,533
Nonexpendable .....	102,917
Unrestricted .....	<u>24,322,259</u>
Total net assets .....	<u>\$ 62,683,821</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, 2004

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES, OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN ..NET ASSETS...
Governmental activities:					
General government.....	\$ 4,221,157	\$1,606,704	\$ 32,295	\$ 22,761	\$ (2,559,397)
Public safety.....	7,898,602	1,471,283	312,798		(6,114,521)
Public works and highway.....	7,142,498	1,164,890	495,607		(5,482,001)
Parks, recreation and libraries.....	2,281,534	342,916	82,315		(1,856,303)
Health and human services.....	1,739,547	411,682	373,791		(954,074)
Education.....	43,921,980	1,581,139	4,791,823	247,104	(37,301,914)
Pension and insurance.....	5,296,888	143,695	325,475		(5,153,193)
Interest and debt service.....	2,166,527				(1,841,052)
Total governmental activities.....	<u>\$74,668,733</u>	<u>\$6,722,309</u>	<u>\$6,414,104</u>	<u>\$269,865</u>	<u>(61,262,455)</u>
General revenues:					
Property taxes.....					61,922,916
Grants and contributions not restricted to specific programs.....					1,626,933
Unrestricted investment earnings.....					357,311
Miscellaneous.....					<u>845</u>
Total general revenues.....					<u>63,908,005</u>
Change in net assets.....					2,645,550
Net assets, July 1, 2003.....					<u>60,038,271</u>
Net assets, June 30, 2004.....					<u>\$ 62,683,821</u>

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

TOWN OF BRANFORD, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET  
JUNE 30, 2004

	GENERAL	CAPITAL PROJECTS	SEWER ASSESSMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and cash equivalents	\$15,653,891	\$ 547,362	\$ 671,672	\$2,146,856	\$19,019,781
Investments				192,388	192,388
Receivables (Net)	13,292,443	17,225	1,913,651	996,024	16,219,343
Due from other funds	1,489,938	509,636		541,953	2,541,527
Inventories				10,342	10,342
Prepaid items	62,833				62,833
<b>TOTAL</b>	<b>\$30,499,105</b>	<b>\$1,074,223</b>	<b>\$2,585,323</b>	<b>\$3,887,563</b>	<b>\$38,046,214</b>

A S S E T S

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

Accounts and other payables	\$ 2,554,174	\$ 396,827	\$ 1,082	\$ 425,468	\$ 3,377,551
Due to other funds	1,156,238	1,465,139		80,826	2,702,203
Deferred revenue	12,392,881	10,000	1,913,651	944,613	15,261,145
Other	727,435				727,435
<b>Total liabilities</b>	<b>16,830,728</b>	<b>1,871,966</b>	<b>1,914,733</b>	<b>1,450,907</b>	<b>22,068,334</b>
Fund balances (deficit):					
Reserved	1,034,626	71,902		113,259	1,219,787
Unreserved, reported in:					
General Fund	12,633,751				12,633,751
Special Revenue Funds			670,590	2,202,864	2,873,454
Capital Project Fund		(869,645)			(869,645)
Permanent Funds				120,533	120,533
<b>Total fund balances (deficit)</b>	<b>13,668,377</b>	<b>(797,743)</b>	<b>670,590</b>	<b>2,436,656</b>	<b>15,977,880</b>
<b>TOTAL</b>	<b>\$30,499,105</b>	<b>\$1,074,223</b>	<b>\$2,585,323</b>	<b>\$3,887,563</b>	

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	95,360,418
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	13,973,201
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	(210,701)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(62,416,977)
<b>Net assets of governmental activities</b>	<b>\$ 62,693,821</b>

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, 2004

	GENERAL	CAPITAL PROJECTS	SEWER ASSESSMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Revenues:</b>					
Property taxes.....	\$62,404,064			\$ 68,279	\$62,404,064
Assessments and interest.....			\$759,022	2,709,697	827,301
Intergovernmental.....	5,197,520			1,578,235	7,907,217
Charges for services.....	4,311,739			31,825	5,889,974
Income on investments.....	311,113	\$ 3,129	4,453	660,320	350,520
Miscellaneous.....	769,523	845			1,430,688
<b>Total revenues</b> .....	<b>72,993,959</b>	<b>3,974</b>	<b>763,475</b>	<b>5,048,356</b>	<b>78,809,764</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government.....	3,476,948	300,250		88,845	3,866,043
Public safety.....	7,498,754			232,551	7,731,305
Public works and highway.....	6,162,869		6,049	342,589	6,511,507
Parks, recreation and libraries.....	1,742,071			543,473	2,285,544
Health and human services.....	1,352,980			372,067	1,725,047
Education.....	38,222,370			3,571,237	41,793,607
Pension and insurance.....	6,512,091			6,512,091	6,512,091
Capital outlay.....	534,884	3,338,044	308,490	63,540	3,872,928
Debt service.....	6,255,535				6,627,565
<b>Total expenditures</b> .....	<b>71,758,502</b>	<b>3,638,294</b>	<b>314,539</b>	<b>5,214,302</b>	<b>80,925,637</b>
<b>Excess (deficiency) of revenues over expenditures</b> .....	<b>1,235,457</b>	<b>(3,634,320)</b>	<b>448,936</b>	<b>(165,946)</b>	<b>(2,115,873)</b>
<b>Other financing sources (uses):</b>					
Transfers in.....	29,285	502,000		632,372	1,163,657
Transfers out.....	(1,134,372)	(29,285)			(1,163,657)
Issuance of leases.....		955,436			955,436
Issuance of refunding bonds.....	7,860,000				7,860,000
Payment to escrow agent.....	(7,792,340)				(7,792,340)
<b>Total other financing sources (uses)</b> .....	<b>(1,037,427)</b>	<b>1,428,151</b>		<b>632,372</b>	<b>1,023,096</b>
<b>Net change in fund balances</b> .....	<b>198,030</b>	<b>(2,206,169)</b>	<b>448,936</b>	<b>466,426</b>	<b>(1,092,777)</b>
<b>Fund balance, July 1, 2003</b> .....	<b>13,470,347</b>	<b>1,408,426</b>	<b>221,654</b>	<b>1,970,230</b>	
<b>Fund balance (deficit), June 30, 2004</b> .....	<b>\$13,668,377</b>	<b>\$ (797,743)</b>	<b>\$670,590</b>	<b>\$2,436,656</b>	

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because: Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.....

In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. This is the amount of loss on disposals.....

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceed proceeds.....

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

Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit VI).....

Change in net assets of governmental activities (Exhibit II).....

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

\$ 2,645,550

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS  
JUNE 30, 2004

	GOVERNMENTAL
	..ACTIVITIES..
	INTERNAL
	SERVICE FUNDS
<hr/>	
ASSETS:	
Cash and cash equivalents .....	\$ 817,689
Due from other funds .....	<u>150,000</u>
Total assets .....	<u>967,689</u>
LIABILITIES:	
Accounts and other payables .....	13,616
Risk management claims .....	<u>1,164,774</u>
Total liabilities .....	<u>1,178,390</u>
NET ASSETS:	
Unrestricted .....	<u>\$ (210,701)</u>

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

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004

	GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE FUNDS
Operating revenues:	
Contributions for benefits .....	<u>\$1,064,000</u>
Operating expenses:	
Benefit claims .....	1,042,221
Claims administration .....	<u>85,000</u>
Total operating expenses .....	<u>1,127,221</u>
Operating income (loss) .....	(63,221)
Nonoperating revenue:	
Income on investments .....	<u>6,791</u>
Change in net assets .....	(56,430)
Total net assets, July 1, 2003 .....	<u>(154,271)</u>
Total net assets, June 30, 2004 .....	<u>\$ (210,701)</u>

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

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004

	GOVERNMENTAL ..ACTIVITIES... INTERNAL SERVICE FUNDS
Cash flows from operating activities:	
Cash received from operating funds .....	\$1,064,000
Cash payments to providers of benefits and administration .....	<u>(806,076)</u>
Net cash provided by operating activities .....	257,924
Cash flows from investing activities:	
Income on investments .....	<u>6,791</u>
Net increase in cash and cash equivalents .....	264,715
Cash and cash equivalents, July 1, 2003 .....	<u>552,974</u>
Cash and cash equivalents, June 30, 2004 .....	<u>\$ 817,689</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss) .....	\$ (63,221)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in receivables .....	306,145
Increase (decrease) in accounts payable .....	<u>15,000</u>
Net cash provided by operating activities .....	<u>\$257,924</u>

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

TOWN OF BRANFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2004

	PENSION TRUST FUND	AGENCY FUNDS
<b>ASSETS:</b>		
Cash and cash equivalents .....		\$721,250
Investments .....	\$10,493,999	157,607
Due from other funds .....		<u>12,000</u>
Total assets .....	<u>10,493,999</u>	<u>\$890,857</u>
<b>LIABILITIES:</b>		
Accounts and other payables .....	87	\$889,533
Due to other funds .....		<u>1,324</u>
Total liabilities .....	<u>87</u>	<u>\$890,857</u>
<b>NET ASSETS:</b>		
Held in trust for pension benefits .....	<u>\$10,493,912</u>	

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

TOWN OF BRANFORD, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2004

---

Additions:	
Contributions:	
Employer.....	\$ 1,765,000
Plan members.....	<u>177,040</u>
Total contributions.....	1,942,040
Investment income:	
Net depreciation in fair value of investments.....	\$423,023
Interest and dividends.....	<u>351,862</u>
Net investment income (loss).....	<u>774,885</u>
Total additions.....	2,716,925
Deductions:	
Benefits.....	543,468
Administration.....	<u>46,443</u>
Total deductions.....	<u>589,911</u>
Net increase.....	2,127,014
Net assets held in trust for pension benefits, July 1, 2003....	<u>8,366,898</u>
Net assets held in trust for pension benefits, June 30, 2004...	<u>\$10,493,912</u>

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

---

**TOWN OF BRANFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

**Governmental Funds**

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

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

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

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

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

### **Proprietary Funds**

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

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

### **Fiduciary Funds**

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

*Pension Trust Fund* - accounts for the Branford Retirement System.

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

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

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

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

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



The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

#### ***D. Deposits and Investments***

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as described in Note 4-A.

Investments for the Town are reported at fair value.

#### ***E. Receivables and Payables***

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

Property taxes are assessed as of October 1 and billed the following July. Property taxes are payable in two installments on July 1 and January 1. Automobile levies and amounts under \$100 are due in one installment. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1-1/2% per month. Assessments for real and personal property, excluding motor vehicles, are computed at seventy percent of the market value. Unpaid balances at June 30 are liened. An amount of \$788,194 has been established as an allowance for uncollectible taxes. At June 30, 2004 this represents 23.1% 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 \$62,416,977 difference are as follows:

Bonds payable.....	\$35,815,000
Unamortized deferred charges.....	(655,588)
Clean Water Fund notes.....	20,451,870
Accrued interest payable - bonds.....	186,915
Landfill closure.....	1,567,500
Compensated absences.....	3,996,930
Net pension obligation.....	62,767
Capital leases payable.....	955,436
Accrued interest payable - leases.....	<u>36,147</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities.....	 <u>\$62,416,977</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 \$13,973,201 difference are as follows:

Property taxes.....	\$ 2,201,716
Accrued interest on property taxes.....	1,186,295
Housing loans.....	609,391
School building grants.....	7,871,638
Assessments.....	<u>2,104,161</u>
 Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities.....	 <u>\$13,973,201</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 \$1,619,218 difference are as follows:

Capital outlay.....	\$ 4,056,904
Depreciation expense.....	<u>(2,437,686)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.....	 <u>\$ 1,619,218</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this \$3,451,685 difference are as follows:

Debt issued or incurred:	
Issuance of refunding bonds .....	\$(7,860,000)
Issuance of capital leases .....	(955,436)
Principal repayments:	
General obligation debt.....	3,465,000
Clean Water notes .....	942,121
Refunded bonds.....	7,200,000
Deferred charges on refunding.....	<u>660,000</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u>\$ 3,451,685</u>

Another element of that reconciliation states that “some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds”. The details of this \$(1,501,622) difference are as follows:

Property tax receivables .....	\$ (221,703)
Accrued interest receivable .....	(259,445)
Housing loans receivable .....	(26,960)
School Building grants .....	(518,555)
Assessments .....	<u>(474,959)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u>\$(1,501,622)</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 no supplemental appropriations 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 \$797,743. The deficit will be funded by future transfers, grants or bonding.

The Exit 53 Improvement Fund, a Special Revenue nonmajor governmental fund, had a deficit fund balance of \$365. The deficit will be funded by future transfers or grants.

**Fund Deficits**

The following fund had deficit net asset as of June 30, 2004:

<u>Fund</u>	<u>Amount</u>
Internal Service Fund:	
Worker's Compensation Fund .....	\$53,480
Heart and Hypertension Fund .....	\$157,221

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

**4. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the

United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund (STIF) and the 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, 2004:

Deposits:	
Demand accounts.....	\$ 9,474,543
Certificate of deposit .....	<u>5,888,732</u>
Total deposits.....	15,363,275
Petty cash accounts.....	900
Other cash equivalents*:	
Tax Exempt Proceeds Funds .....	29,995**
State Short-Term Investment Fund (STIF).....	2,846,019**
Cooperative Liquid Asset Securities (CLASS).....	<u>2,318,531**</u>
TOTAL CASH AND CASH EQUIVALENTS .....	<u>\$20,558,720</u>

\* Short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity.

\*\* Risk Category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

**B. Deposits**

At June 30, 2004, the carrying amount of the Town deposits was \$15,363,275 and the bank balance was \$14,953,815. Of the bank balance, \$738,065 was covered by Federal Depository Insurance. Section 36a-333 of the Connecticut General Statutes requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio. A minimum of \$1,491,575 based on June 30, 2004 deposits was collateralized at Risk Category 3. Risk Category 3 is defined as collateral held by the pledging financial institution, or by its trust department or agent, but not in the Town's name. The balance of deposits of \$12,724,175 were uninsured and uncollateralized.

**C. Investments**

The Town's investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty, or by its trust department or agent but not in the Town's name.

At June 30, 2004, the Town's investments consisted of the following:

	.....Category.....			<u>Total</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Categorized Investments:				
U.S. Government Securities .....			\$ 26,978	\$ 26,978
Other Debt Securities .....			64,490	64,490
Equity Securities.....	\$100,920			100,920
Police Pension Fund and Volunteer				
Firemens' Pension:				
U.S. Government Securities .....			2,317,454	2,317,454
Other Debt Securities .....			5,081,786	5,081,786
Equity Securities .....			3,252,366	3,252,366
<b>TOTAL.....</b>	<b>\$100,920</b>	<b>\$ - 0 -</b>	<b>\$10,743,074</b>	<b>\$10,843,994</b>

Due to higher cash flows at certain times during the year, the Town's cash and cash equivalents in Category 3 investment were substantially higher than at year end.

**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 .....	\$ 1,186,295				\$ 1,186,295
Taxes.....	3,405,122				3,405,122
Accounts .....	1,370,759			\$ 19,545	1,390,304
Special assessments...			\$1,913,651	190,510	2,104,161
Intergovernmental.....	8,118,461	\$17,225		176,578	8,312,264
Loans .....				609,391	609,391
Gross receivables.....	14,080,637	17,225	1,913,651	996,024	17,007,537
Less: allowance for uncollectibles.....	788,194				788,194
Net total receivables .....	<u>\$13,292,443</u>	<u>\$17,225</u>	<u>\$1,913,651</u>	<u>\$996,024</u>	<u>\$16,219,343</u>



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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable.....	\$ 2,201,716	
Accrued interest .....	1,186,295	
Special assessments not yet due.....	2,104,161	
Grant drawdowns and unearned fees .....		\$1,287,944
School Building grants.....	7,871,638	
Housing loans.....	609,391	
Total deferred/unearned revenue for governmental funds.....	<u>\$13,973,201</u>	<u>\$1,287,944</u>

## 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Net Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land.....	\$ 5,812,440		\$1,352,397		\$ 7,164,837
Construction in progress.....	28,344,503	\$(3,464,047)	356,215	\$ (11,143)	25,225,528
Total capital assets, not being depreciated.....	34,156,943	(3,464,047)	1,708,612	(11,143)	32,390,365
Capital assets, being depreciated:					
Buildings.....	67,564,872	3,449,331			71,014,203
Land improvements .....	596,500	14,716	217,083		828,299
Machinery and equipment .....	15,845,823		2,131,209	(685,655)	17,291,377
Total capital assets being depreciated	84,007,195	3,464,047	2,348,292	(685,655)	89,133,879
Less accumulated depreciation for:					
Buildings.....	16,191,290	81,540	1,329,872		17,602,702
Land improvements .....	352,043		31,336		383,379
Machinery and equipment .....	7,835,391	(81,540)	1,076,478	(652,584)	8,177,745
Total accumulated depreciation .....	24,378,724		2,437,686	(652,584)	26,163,826
Total capital assets, being depreciated, net .....	59,628,471	3,464,047	(89,394)	(33,071)	62,970,053
Governmental activities capital assets, net .....	\$93,785,414	\$ - 0 -	\$1,619,218	\$ (44,214)	\$95,360,418

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 .....	\$ 65,932
Public safety .....	445,446
Public works .....	529,464
Parks, recreation and libraries .....	58,189
Health and welfare .....	37,005
Education.....	<u>1,301,650</u>

Total depreciation expense - governmental activities..... \$2,437,686

**Construction Commitments**

The Town has active construction projects as of June 30, 2004. 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	381,299	\$19,640	(939)
Elementary School Renovation.....	12,819,000	12,819,000		
Clean Water Project .....	31,919,452	32,421,524	11,555	(513,627)*
High School Renovations .....	26,577,000	26,553,884	2,010	21,106
1996/1997 Capital Projects.....	474,761	467,661		7,100
Police Station .....	3,970,000	3,970,000		
Trolley Trail.....	51,235	48,830		2,405
Sidewalk and Curb .....	777,600	755,841		21,759
Ambulance Fund.....	400,360	356,894		43,466
Fire Apparatus Fund .....	1,389,799	1,066,250		323,549
Technology Upgrade (High School).....	1,400,000	1,400,000		
Structural Remediation Fund .....	150,000	148,009		1,991
Town Hall Renovation.....	3,615,000	3,491,006		123,994
Willoughby Wallace Library .....	940,000	940,000		
Bender Property Acquisition .....	2,100,000	6,700		2,093,300
Tabor Drive Acquisition .....	2,250,000	1,558,157	9,297	682,546
<b>TOTAL.....</b>	<b><u>\$91,349,207</u></b>	<b><u>\$86,624,765</u></b>	<b><u>\$42,502</u></b>	<b><u>\$4,681,940</u></b>

\*Aproppriation increased in July 2004 by \$900,000.

**7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Individual fund interfund receivable and payable balances at June 30, 2004, are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds .....	General Fund .....	\$ 541,953
Capital Project Fund .....	Nonmajor Governmental Funds .....	57,351
General Fund .....	Nonmajor Governmental Funds .....	23,475
Internal Service Funds .....	General Fund .....	150,000
Agency Funds .....	General Fund .....	12,000
General Fund .....	Agency Fund.....	1,324
Capital Project Fund .....	General Fund .....	452,285
General Fund .....	Capital Project Fund .....	<u>1,465,139</u>
 TOTAL .....		 <u>\$2,703,527</u>

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

Interfund transfers:

	.....Transfer In.....			
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfer out:				
General Fund.....		\$502,000	\$632,372	\$1,134,372
Capital Projects .....	<u>\$29,285</u>			<u>29,285</u>
 Total transfers out.....	<u>\$29,285</u>	<u>\$502,000</u>	<u>\$632,372</u>	<u>\$1,163,657</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, 2004, 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 .	\$38,620,000	\$7,860,000	\$10,665,000	\$35,815,000	\$3,475,000
Clean water notes .....	21,393,991		942,121	20,451,870	961,136
Less deferred amounts:					
Refunding bonds .....		(660,000)	(4,412)	(655,588)	
<b>Total bonds and notes payable .....</b>	<b>60,013,991</b>	<b>7,200,000</b>	<b>11,602,709</b>	<b>55,611,282</b>	<b>4,436,136</b>
Landfill closure .....	1,450,000	117,500		1,567,500	242,500
Compensated absences .....	3,119,439	877,491		3,996,930	62,058
Risk management claims .....	807,490	357,284		1,164,774	601,004
Net pension obligation .....	1,341,191		1,278,424	62,767	
Capital leases .....		955,436		955,436	77,608
<b>Governmental activity long-term liabilities .....</b>	<b>\$66,732,111</b>	<b>\$9,507,711</b>	<b>\$12,881,133</b>	<b>\$63,358,689</b>	<b>\$5,419,306</b>

A schedule of bonds and notes outstanding at June 30, 2004 is presented below:

	<u>Balance July 1, 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Refunded</u>	<u>Balance June 30, 2004</u>
General Obligation:					
School, 4.0-5.0%, mature in 2008 ..	\$ 2,316,000		\$ 503,500		\$ 1,812,500
School, 5.9-7.9%, mature in 2009 ..	1,229,000		205,000		1,024,000
School, 4.5-6.25%, mature in 2017	11,000,000		650,000	\$7,200,000	3,150,000
School, 4.0-5.0%, mature in 2019 ..	9,238,000		728,000		8,510,000
School, 2.0-4.1%, mature in 2015 ..		\$7,860,000	165,000		7,695,000
Public improvement, 4.0-5.0%, mature in 2008 .....	514,000		112,500		401,500
Public improvement, 5.9-7.9%, mature in 2009 .....	715,000		120,000		595,000
Public improvement, 4.0-5.0%, mature in 2019 .....	7,322,000		497,000		6,825,000
Public improvement sewer, 4.0-5.0%, mature in 2019 .....	4,690,000		215,000		4,475,000

	<u>Balance</u> <u>July 1, 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Refunded</u>	<u>Balance</u> <u>June 30, 2004</u>
Special Assessment:					
Sewer, 4.0-5.0%, mature in 2008 ...	\$ 152,000		\$ 33,000		\$ 119,000
Sewer, 5.9-7.9%, mature in 2009 ...	1,056,000		175,000		881,000
Sewer, 4.5-6.25%, mature in 2017 .	40,000		20,000		20,000
Water, 4.0-5.0%, mature in 2008 ...	53,000		11,000		42,000
Water, 6.8-7.5%, mature in 2012 ...	295,000		30,000		265,000
<b>Total bonds .....</b>	<b>38,620,000</b>	<b>\$7,860,000</b>	<b>3,465,000</b>	<b>\$7,200,000</b>	<b>35,815,000</b>
State of Connecticut, Water, 2%, mature in 2013.....	145,601		13,539		132,062
State of Connecticut, Water, 2%, mature in 2019.....	1,056,131		59,833		996,298
State of Connecticut, Water, 2%, mature in 2022.....	20,192,259		868,749		19,323,510
<b>Total bonds and notes ....</b>	<b>\$60,013,991</b>	<b>\$7,860,000</b>	<b>\$4,407,121</b>	<b>\$7,200,000</b>	<b>\$56,266,870</b>

On April 14, 2004, The Town issued \$7,860,000 in general obligation bonds with an average interest rate of 3.71% to advance refund \$7,200,000 of outstanding 1997 General Obligation Bonds with an average interest rate of 4.9%. The net proceeds of \$7,792,340 (after payment of \$67,660 in underwriting fees insurance and other issuance costs) were used to purchase U.S. Treasury Securities – State and Local Series. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 bonds until their redemption date. These 1997 bonds are considered to be defeased. The transaction generated a cash flow savings of \$639,563 and a present value savings of \$196,892. The balance of defeased bonds is \$7,200,000 at June 30, 2004.

Additionally, 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, 2004, \$9,450,000 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>
2005.....	\$ 4,436,136	\$ 2,049,100	\$ 6,485,236
2006.....	4,645,536	1,857,855	6,503,391
2007.....	4,515,327	1,668,734	6,184,061
2008.....	4,810,518	1,486,543	6,297,061
2009.....	4,241,117	1,290,210	5,531,327
2010-2014 .....	19,530,113	4,204,508	23,734,621
2015-2019 .....	10,111,919	1,173,104	11,285,023
2020-2023 .....	3,976,204	133,938	4,110,142
<b>TOTAL.....</b>	<b>\$56,266,870</b>	<b>\$13,863,992</b>	<b>\$70,130,862</b>

**Clean Water Fund Notes**

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

**General Obligation Bonds and Notes**

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

**Bonds Authorized Unissued**

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

<u>Project</u>	<u>Authorization</u>	<u>Bonds Previously Issued</u>	<u>Grants Received</u>	<u>Bonds Authorized Unissued</u>
Palmerwood Sewers	\$2,115,000	\$1,175,000		\$940,000
Wastewater Treatment Plant	\$31,400,000	\$26,150,148	\$3,808,440	\$1,441,412
Bender Property	\$2,100,000			\$2,100,000
Tabor Drive	\$2,500,000			\$2,500,000

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

<u>Category</u>	<u>Debt Limit</u>	(thousands) <u>Indebtedness*</u>	<u>Balance</u>
General purpose .....	\$142,394	\$7,821	\$134,573
Schools .....	\$284,788	\$14,320	\$270,468
Sewers .....	\$237,323	\$28,328	\$208,995
Urban renewal .....	\$205,680		\$205,680
Pension deficit.....	\$189,858		\$189,858

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation \$443,002,000.

\* Includes bonds authorized unissued (\$2,381,412) and excludes water bonds of \$307,000.

\*\* Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$7,871,638.

**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 \$810,411 reported in the Internal Service Fund at June 30, 2004 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:

	<b>Liability <u>July 1,</u></b>	<b>Current Year Claims And Changes <u>In Estimates</u></b>	<b>Claim <u>Payments</u></b>	<b>Liability <u>June 30,</u></b>
2003-04 .....	\$430,788	\$969,959	\$590,336	\$810,411
2002-03 .....	\$231,880	\$855,256	\$656,348	\$430,788

The Heart and Hypertension Fund was established this year to account for the self insured activities of the Town related to heart and hypertension claims. Activity was previously recorded in the General Fund. The claims liability of \$354,363 at June 30, 2004 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:

	<b>Liability <u>July 1,</u></b>	<b>Current Year Claims And Changes <u>In Estimates</u></b>	<b>Claim <u>Payments</u></b>	<b>Liability <u>June 30,</u></b>
2003-04 .....	\$376,702	\$72,262	\$94,601	\$354,363
2002-03 .....	\$418,865	\$71,068	\$113,231	\$376,702

## 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 2003/2004 fiscal year, no additional acreage was capped, though approximately \$32,500 was spent, mostly on producing suitable cover soils for later closure use. To date, \$855,000 has been appropriated and approximately \$841,800 expended, with approximately 56% of the total area of the landform having had all layers of final cover applied.

The Town has signed a contract for a \$400,000 grant from the Department of Environmental Protection to cap the top of the landfill, the first \$254,500 of which has been reimbursed. It is anticipated that the placement of bulky waste will continue at the front of the landfill for the next two and one-half (2.5) years. Annual appropriations will be placed in a special revenue fund for the final cover for this front section when it no longer receives waste. Costs per acre as calculated in the past are presumed not to be a sufficient predictor of current closure costs per acre, as engineering costs increase when final DEP approvals are required, and as

contractor costs have increased with time. Based upon current practice, with a 10% escalator it is anticipated that the final cover costs will total \$1,570,000, including funds already spent, but not including postclosure 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 \$28,000. These costs will be funded through the General Fund on an annual basis. Regulatory changes or acceleration of the schedule for closure of the landfill may require additional appropriations for the accelerated completion of the installation of final cover.

A 77 acre parcel located north of the active landfill was purchased by the Town through eminent domain. It is believed to overlay a portion of, and possibly be impacted by, the leachate plume originating from the landfill. Since houses had been proposed by a developer on this site, the Town took the proactive stance of purchasing the property to preclude incompatible development, since control of the plume and of any off-site gas migration is required. Environmental investigations and mitigation have begun on this property, with funds for the project on this adjoining acreage provided by bond proceeds which are separately addressed here, but not totaled in past or future closure costs below. Environmental investigations on this large parcel are not confined to the area presumed to be impacted by the landfill, so only costs directly attributable to mitigation of landfill impacts are mentioned in this note. \$10,000 was spent in fiscal 03/04 on land clearing, and initial design of a pre-treatment basin for contaminated stormwater.

**Summary of Estimated Total Cost of Remaining Closure and Postclosure Care**

Final Cover Cost (\$242,500 x 3 years).....	\$ 727,500
Postclosure Care Costs (30 years):	
a. Inspection and maintenance of final cover (\$15,400 annually) .....	462,000
b. Monitoring Program, groundwater and Methane (\$12,600 annually) .....	<u>378,000</u>
 TOTAL.....	 <u>\$1,567,500</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 \$975,555 this year. General Fund unreserved, undesignated fund balance for fiscal year ended June 30, 2004 as reflected in the BRRFOC's financial statements is \$11.2 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

On May 15, 1995, the Committee issued \$68,040,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 5.2 % to 6.5% to current refund \$66,835,000 of outstanding special obligation bonds of the Connecticut Development Authority. The proceeds from the original bonds were loaned by the Authority to Ogden Martin Systems of Bristol, Inc. 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. The current balance of the bonds outstanding is \$46,670,000.

**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, 2003, PERS membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits.....	30
Terminated employees entitled to benefits but not yet receiving them .....	2
Active Plan Members .....	<u>49</u>
TOTAL.....	<u>81</u>

*B. Summary of Significant Accounting Policies and Plan Asset Matters*

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

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

*C. Funding Status and Progress*

Police officers are required to contribute 6.0% of base pay to the PERS. The Town is required to contribute the amounts necessary to finance the coverage for its employees as determined by its actuaries; the current rate is 16.2% of covered payroll.

**D. Annual Pension Cost and Net Pension Obligations**

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

Annual required contribution .....	\$ 490,583
Interest on net pension obligation .....	107,295
Adjustment to annual required contribution .....	<u>(111,302)</u>
Annual pension cost .....	486,576
Contributions made .....	<u>1,765,000</u>
Increase (decrease) in net pension obligation .....	(1,278,424)
Net pension obligation beginning of year .....	<u>1,341,191</u>
Net pension obligation end of year .....	<u>\$ 62,767</u>

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

Actuarial valuation date .....	July 1, 2003
Actuarial cost method .....	Projected Unit Credit
Amortization method.....	Level dollar
Remaining amortization period.....	29 years closed
Asset valuation method .....	4 years smoothed asset value
Actuarial assumptions:	
Investment rate of return .....	8.0%
Projected salary increases .....	5.0%
Assumed inflation rate .....	4.0%

**E. Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Actual Contribution</u>
6/30/02	\$662,880	104.8%	\$1,346,969	\$694,975
6/30/03	\$748,495	100.8%	\$1,341,191	\$754,273
6/30/04	\$486,576	362.0%	\$62,767	\$1,765,000

**F. Pension Plan Required Supplementary Information**

**Schedule of Funding Progress**

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

**Schedule of Employer Contributions**

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/98	\$734,956	102.9%
6/30/99	\$755,000	101.9%
6/30/00	\$670,195	107.3%
6/30/01	\$642,000	102.8%
6/30/02	\$665,040	104.5%
6/30/03	\$751,507	100.0%

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 4.3% 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, 2004, 2003, and 2002 were \$504,235, \$303,469, and \$384,446, 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 seven percent (7%) of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$16,499,439 or 46.6% of the total Town payroll of \$35,394,693.

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, 2004 the Town has recorded in the General Fund, intergovernmental revenue and education expenditures in the amount of \$1,144,274 as payments made by the State of Connecticut on-behalf of the Town.

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

## **13. CONTINGENT LIABILITIES**

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

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2004

	ORIGINAL	FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
.....BUDGETED AMOUNTS.....				
Taxes:				
Current taxes.....	\$60,387,012	\$60,387,012	\$60,900,284	\$ 513,272
Interest income.....	550,000	550,000	550,420	420
Lien fees.....	7,500	7,500	9,662	2,162
Suspense collections.....	7,500	7,500	10,298	2,798
Delinquent taxes.....	1,000,000	1,000,000	933,400	(66,600)
Total.....	61,952,012	61,952,012	62,404,064	452,052
Intergovernmental Revenues:				
Education cost sharing.....	1,265,487	1,265,487	1,240,178	(25,309)
School transportation.....	172,653	172,653	169,134	(3,519)
Health and welfare.....			21,827	21,827
Principal subsidy.....	765,822	765,822	765,659	(163)
Interest subsidy.....	325,475	325,475	325,475	
Adult education.....	17,346	17,346	204,534	(17,346)
Circuit breaker elderly.....	200,000	200,000	4,534	4,534
Elderly tax relief - freeze.....	25,000	25,000	17,512	(7,488)
Boat exemption.....	98,245	98,245	98,245	
Disability exemption.....	2,200	2,200		(2,200)
Veterans' reimbursement - State.....	75,000	75,000	23,952	(51,048)
Manufacturing PILOT grant.....	437,503	437,503	433,116	(4,387)
Pequot grant.....	97,224	97,224	118,380	21,156
Private property exemption.....	21,169	21,169	121,148	99,979
State property exemption.....	59,377	59,377	59,457	80
State counseling grants.....	119,245	119,245	130,141	10,896
Miscellaneous State grants.....			9,384	9,384
COPS Fast.....	43,750	43,750	14,586	(29,164)
Wildlife refuge.....			3,636	3,636
Total.....	3,725,496	3,725,496	3,756,364	30,868
Licenses, Permits and Fees:				
Oil burner permits.....	100	100		(100)
Building permits.....	225,000	225,000	355,330	130,330
Excavation permits.....	6,000	6,000	5,625	(375)
Electrical permits.....	23,000	23,000	20,990	(2,010)
Plumbing permits.....	17,000	17,000	13,920	(3,080)
Heating, air conditioning and ventilation permits.....	21,000	21,000	20,550	(450)
Sewer connection permits.....	150	150	178	28

(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
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
Licenses, permits and fees (continued):	\$	\$	\$	\$
Other licenses and permits.....	700	700	1,250	550
Zoning Board of Appeals.....	7,500	7,500	6,390	(1,110)
Planning and Zoning.....	15,000	15,000	19,909	4,909
Map copies - building and engineering.....	2,000	2,000	2,327	327
Inland wetlands applications.....	13,000	13,000	27,464	14,464
Transfer station escrow.....	84,500	84,500	187,548	103,048
Sale of recycling boxes.....			15	15
Trip passes.....	2,300	2,300	3,026	726
Permits and tags - police.....	10,000	10,000	10,220	220
Special wages - police.....	450,000	450,000	433,383	(16,617)
False alarm fees.....	15,000	15,000	17,875	2,875
Waste treatment fees.....	142,500	142,500	304,329	161,829
North Branford sewer fees.....	190,000	190,000	313,736	123,736
Pump out services.....	3,500	3,500	3,335	(165)
Town Clerk other monies.....	260,000	260,000	456,313	196,313
Conveyance taxes.....	260,000	260,000	592,622	332,622
DEP licenses - Town portion.....	600	600	298	(302)
Marriage licenses - Town portion.....	2,100	2,100	2,211	111
Dog licenses.....			6,720	6,720
Ambulance service fees.....	691,870	691,870	999,115	307,245
Miscellaneous permits and fees - fire services.....			1,115	1,115
Counseling fees and services.....	425,000	425,000	356,828	(68,172)
Counseling - United Way Contribution.....	22,000	22,000	18,830	(3,170)
DEP Nutrient Credit.....	87,085	87,085	130,287	43,202
Total .....	2,976,905	2,976,905	4,311,739	1,334,834
Interest income.....	283,375	283,375	311,113	27,738
Other:				
Willoughby - Wallace Library fees.....	1,250	1,250	3,467	2,217
Employee health insurance co-pay.....	101,200	101,200	124,932	23,732
In lieu of taxes - telephone access.....	337,264	337,264	291,990	(45,274)
In lieu of taxes - SCRW.....	214,000	214,000	186,825	(27,175)
Leases.....	4,250	4,250	5,602	1,352
Telephone booths.....	500	500	407	(93)

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

	.....BUDGETED AMOUNTS.....			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
Other (continued):				
Insurance claims and refunds.....	\$ 20,000	\$ 20,000	\$ 18,368	\$ (1,632)
Miscellaneous refunds.....			3,549	3,549
Miscellaneous income.....	10,000	10,000	58,841	48,841
Sale of town property.....	15,150	15,150	55,603	40,453
Reimbursement Town services.....	20,000	20,000	16,689	(3,311)
COBRA/dental reimbursement.....			395	395
Warden fees.....			2,855	2,855
Total other.....	723,614	723,614	769,523	45,909
Total revenues.....	69,661,402	69,661,402	71,552,803	1,891,401
Other financing sources:				
Transfers in.....			29,285	29,285
Total revenues and other financing sources.....	<u>\$69,661,402</u>	<u>\$69,661,402</u>	<u>71,582,088</u>	<u>\$1,920,686</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut "on-behalf" contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.....			1,144,274	
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.....			296,882	
Issuance of refunding bonds are not budgeted.....			<u>7,860,000</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>\$80,883,244</u>	

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2004

	.....BUDGETED AMOUNTS.....			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
General government:				
Legislative.....	\$ 13,730	\$ 13,730	\$ 10,123	\$ 3,607
Executive.....	282,046	282,046	248,306	33,740
Finance.....	53,457	53,751	52,703	1,048
Treasurer.....	287,277	287,277	281,663	5,614
Assessor.....	331,873	331,873	278,950	52,923
Review of Assessments.....	16,480	16,480	11,034	5,446
Tax Collector.....	228,028	290,443	264,574	25,869
Town Clerk.....	186,144	186,144	180,607	5,537
Law.....	485,311	586,811	585,585	1,226
Labor Relations Negotiations.....	60,000	61,555	61,553	2
Probate Court.....	11,200	11,200	7,601	3,599
Elections.....	58,088	79,969	79,559	410
Planning and Zoning.....	202,708	217,385	208,169	9,216
Zoning Board of Appeals.....	7,932	7,932	7,213	719
Development Commission.....	4,500	4,500	4,133	367
Inland Wetlands Commission.....	47,580	50,500	49,442	1,058
General Government Buildings.....	502,616	505,088	496,917	8,171
Cable Television.....	1,925	2,535	2,375	160
Electronic Data Processing.....	376,140	408,140	395,489	12,651
Human Resources.....	198,439	210,471	210,351	120
Total.....	3,355,474	3,607,830	3,436,347	171,483
Public safety:				
Police Service.....	4,015,986	4,120,690	4,076,038	44,652
Police Service - special detail.....	450,000	450,000	299,130	150,870
Fire Protection.....	3,024,942	3,024,942	3,018,939	6,003
Building Department.....	72,299	97,299	82,315	14,984
Other protection - Dog Warden.....	82,556	91,356	83,793	7,563
Total.....	7,645,783	7,784,287	7,560,215	224,072
Public works and highways:				
Public Works.....	2,081,465	2,130,365	2,093,130	37,235
Water Pollution Control.....	1,766,377	1,766,377	1,744,234	22,143
Sanitation and Waste.....	2,374,330	2,537,662	2,510,489	27,173
General Engineering.....	192,572	179,572	178,248	1,324
Total.....	6,414,744	6,613,976	6,526,101	87,875



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

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Recreation:				
Branford Recreation Department.....	\$ 708,086	\$ 717,006	\$ 715,730	\$ 1,276
Parker Park.....	57,198	57,198	48,631	8,567
Young's Park Commission.....	7,379	7,379	6,881	498
Docks and Recreational facilities.....	6,790	6,790	3,948	2,842
Public Celebration.....	24,919	24,919	20,682	4,237
Conservation Commission.....	6,000	6,000	4,319	1,681
Total.....	810,372	819,292	800,191	19,101
Libraries:				
James Blackstone Memorial Library.....	792,721	792,721	792,721	
Willoughby-Wallace Library.....	175,249	175,249	164,459	10,790
Total.....	967,970	967,970	957,180	10,790
Health and welfare:				
Human Services.....	882,994	882,994	859,919	23,075
Commission for the Elderly.....	303,097	303,097	300,586	2,511
East Shore District Health.....	157,707	157,707	157,064	643
Youth Services.....	33,154	33,154	32,435	719
Total.....	1,376,952	1,376,952	1,350,004	26,948
Board of Education.....	36,843,127	36,843,127	36,781,214	61,913
Pension and insurance:				
Pension and Contributions.....	1,969,502	2,871,702	2,875,999	(4,297)
Employee Group Insurance.....	2,425,525	2,425,525	2,311,798	113,727
Municipal insurance.....	1,429,700	1,429,700	1,324,294	105,406
Contingency.....	851,763	187,635		187,635
Total.....	6,676,490	6,914,562	6,512,091	402,471
Capital Projects.....	754,675	629,675	579,179	50,496
Debt service:				
Principal retirement.....	4,043,087	4,046,003	3,976,036	69,967
Interest and fiscal charges.....	2,258,356	2,258,356	2,211,839	46,517
Total.....	6,301,443	6,304,359	6,187,875	116,484
Total expenditures.....	71,147,030	71,862,030	70,690,397	1,171,633

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

	.....BUDGETED AMOUNTS.....			ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL			
Other financing uses:					
Transfers to other funds:					
Special Revenue Fund:					
Retiree Benefit .....		\$ 50,000	\$	50,000.	
Open Space Fund .....	\$ 30,300	30,300		30,300	
Special Programs .....	75,400	75,400		75,400	
Revaluation Fund .....	476,672	476,672		476,672	
Capital Projects Fund:					
Ambulance .....	43,000	43,000		43,000	
Fire Apparatus .....	59,000	59,000		59,000	
Sewer Reserve .....	275,000	275,000		275,000	
DPW Apparatus .....		125,000		125,000	
Total other financing uses .....	959,372	1,134,372		1,134,372	
TOTAL .....	<u>\$72,106,402</u>	<u>\$72,996,402</u>		71,824,769	<u>\$1,171,633</u>

Budgetary expenditures are different than GAAP expenditures because:

- State of Connecticut "on-behalf" payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.....
- Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes. The Board of Education does not budget for certain intergovernmental grants which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.....
- Payment to escrow agent and refunding issuance costs are not budgeted.....

Total expenditures and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV.....

\$80,685,214

TOWN OF BRANFORD, CONNECTICUTGENERAL FUNDCOMPARATIVE BALANCE SHEET  
JUNE 30, 2004 AND 2003

	2004	2003
<u>A S S E T S</u>		
Cash and cash equivalents.....	\$15,653,891	\$17,397,099
Receivables:		
Taxes (net).....	2,616,928	2,708,194
Intergovernmental.....	8,118,461	8,499,127
Other.....	2,557,054	2,667,868
Due from other funds.....	1,489,938	691,500
Prepaid items.....	<u>62,833</u>	<u>73,314</u>
TOTAL.....	<u>\$30,499,105</u>	<u>\$32,037,102</u>
 <u>L I A B I L I T I E S</u> A N D <u>F U N D B A L A N C E</u>		
Liabilities:		
Accounts payable and accrued expenses.....	\$ 2,554,174	\$ 2,885,755
Due to other funds.....	1,156,238	1,544,312
Deferred revenues.....	12,392,881	13,506,447
Other.....	<u>727,435</u>	<u>630,241</u>
Total liabilities.....	<u>16,830,728</u>	<u>18,566,755</u>
Fund balance:		
Reserved for encumbrances.....	971,793	531,082
Reserved for prepaid items.....	62,833	73,314
Unreserved:		
Designated for subsequent year budget.....	2,445,000	2,445,000
Undesignated - available for appropriation..	<u>10,188,751</u>	<u>10,420,951</u>
Total fund balance.....	<u>13,668,377</u>	<u>13,470,347</u>
TOTAL.....	<u>\$30,499,105</u>	<u>\$32,037,102</u>

TOWN OF BRANFORD, CONNECTICUT

REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2004

GRAND LIST	UNCOLLECTED TAXES JULY 1, 2003	LAWFUL CORRECTIONS	FORECLOSURES AND ADJUSTMENTS	TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	TAXES	INTEREST	LIENS	TOTAL	UNCOLLECTED TAXES JUNE 30, 2004
1987	\$ 108		\$ (108)		\$ 103					\$ 103
1988	103				274					274
1989	274				759	\$ 66			\$ 66	693
1990	781		(22)		14,835	2,821	\$ 905	\$ 48	3,774	12,014
1991	15,814		(979)		18,893	1,097	6,227	24	7,348	17,796
1992	18,990		(97)		24,542	3,617	4,074	96	7,787	20,925
1993	24,644		(102)		62,039	3,884	6,750	72	10,706	58,155
1994	62,362		(323)		87,137	23,465	4,534	192	28,191	63,672
1995	87,466		(329)		111,543	13,782	17,102	287	31,171	97,761
1996	111,696	\$ 340	(493)		132,195	21,705	21,726	312	43,743	110,490
1997	230,390	(701)	(389)	\$(97,105)	297,624	16,325	16,385	437	33,147	281,299
1998	308,539	(8,322)	(2,593)		398,853	39,491	28,775	691	68,957	359,362
1999	412,336	(9,168)	(4,315)		664,044	162,445	64,796	1,320	228,561	501,599
2000	682,909	(16,568)	(2,297)		1,163,350	514,264	112,093	3,962	630,319	649,086
2001	1,218,890	(35,504)	(20,036)		62,132,177	60,900,284	252,871	1,971	61,155,126	1,231,893
2002	62,402,717	(203,907)	(66,633)							
TOTAL ...	\$65,578,019	\$(273,830)	\$(98,716)	\$(97,105)	\$65,108,368	61,703,246	536,238	9,412	62,248,896	\$3,405,122
				Suspense collections .....		10,298	14,182		24,480	
				Administrative fees .....				249	249	
				TOTAL .....	\$61,713,544	\$550,420	\$9,661	\$62,273,625		

TOWN OF BRANFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET  
JUNE 30, 2003

	REVALUATION	OPEN SPACE	WATER ASSESSMENT	PROGRAM FUND	DAY CARE	EDUCATIONAL GRANTS	CAFETERIA
.....SPECIAL REVENUE.....BOARD OF EDUCATION.....							
Cash and cash equivalents .....	\$ 9,620	\$160,320	\$ 46,644	\$47,295	\$188,098	\$272,934	\$ 86,818
Investments .....							2,534
Accounts receivable .....			190,510			37,569	19,398
Intergovernmental .....							
Due from other funds .....	476,672						
Inventory .....							10,342
<b>TOTAL</b> .....	<b>\$486,292</b>	<b>\$160,320</b>	<b>\$237,154</b>	<b>\$47,295</b>	<b>\$188,098</b>	<b>\$310,503</b>	<b>\$119,092</b>
 <b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts payable .....	\$ 14,048	\$ 234		\$14,264	\$ 4,049	\$227,601	\$82,329
Due to other funds .....			\$190,510	6,307		14,551	
Deferred revenue .....							
<b>Total liabilities</b> .....	<b>14,048</b>	<b>234</b>	<b>190,510</b>	<b>20,571</b>	<b>4,049</b>	<b>242,152</b>	<b>82,329</b>
Fund balance (deficit):							
Reserved:							
Encumbrances .....							
Inventory .....							10,342
Permanent account .....							
Unreserved:							
Designated .....	472,244	160,086	46,644	26,724	184,049	68,351	26,421
Undesignated .....	472,244	160,086	46,644	26,724	184,049	68,351	36,763
<b>Total fund balance (deficit)</b> ..	<b>\$486,292</b>	<b>\$160,320</b>	<b>\$237,154</b>	<b>\$47,295</b>	<b>\$188,098</b>	<b>\$310,503</b>	<b>\$119,092</b>

TOWN OF BRANFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2003

	BOARD OF EDUCATION	SMALL CITIES	TOWN AID ROAD	TECHNOLOGY INFRASTRUCTURE	PASS THROUGH GRANTS	PARK AND RECREATION	SPECIAL PROGRAMS
.....SPECIAL REVENUE.....							
Cash and cash equivalents .....	\$91,348	\$ 98,202	\$55,423	\$150		\$285,498	\$425,550
Investments .....							
Accounts receivable .....		609,391					7,011
Intergovernmental .....			7,635				119,611
Due from other funds .....	7,646						2,135
Inventory .....							
TOTAL .....	\$98,994	\$707,593	\$63,058	\$150	\$- 0 -	\$285,498	\$554,307

A S S E T S

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

Liabilities:							
Accounts payable .....	\$ 866		\$ 2,135	\$150		\$ 32,290	\$ 41,621
Due to other funds .....		609,391				270	8,504
Deferred revenue .....						138,405	
Total liabilities .....	610,257		2,135	150		170,965	50,125
Fund balance (deficit):							
Reserved:							
Encumbrances .....							
Inventory .....							
Permanent account .....							
Unreserved:							
Designated .....	\$98,994	97,336	60,923			114,533	504,182
Undesignated .....							
Total fund balance (deficit) ..	98,994	97,336	60,923			114,533	504,182
TOTAL .....	\$98,994	\$707,593	\$63,058	\$150	\$- 0 -	\$285,498	\$554,307

TOWN OF BRANFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2003

.....SPECIAL REVENUE.....

	RETIREE BENEFIT	COUNSELING CENTER	WILLOUGHBY WALLACE LIBRARY	TOURISM	EXIT 53 IMPROVEMENT FUND	BOARD OF EDUCATION SEVERANCE	TOTAL
Cash and cash equivalents .....	\$100,000	\$57,386	\$ 73,404	\$2	\$(365)	\$24,000	\$2,022,327
Investments .....			91,467			10,000	91,467
Accounts receivable .....							819,446
Intergovernmental .....	50,000						176,578
Due from other funds .....							544,088
Inventory .....							10,342
<b>TOTAL .....</b>	<b>\$150,000</b>	<b>\$57,386</b>	<b>\$164,871</b>	<b>\$2</b>	<b>\$(365)</b>	<b>\$34,000</b>	<b>\$3,664,248</b>

A S S E T S

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

Liabilities:							
Accounts payable .....	\$ 6,166		\$ 57,351				\$ 423,468
Due to other funds .....							82,961
Deferred revenue .....							944,613
<b>Total liabilities .....</b>	<b>6,166</b>		<b>57,351</b>				<b>1,451,042</b>

Fund balance (deficit):

Reserved:							
Encumbrances .....							10,342
Inventory .....							
Permanent account .....							
Unreserved:							
Designated .....	\$150,000	51,220	107,520	\$2	\$(365)	\$34,000	2,202,864
Undesignated .....	150,000	51,220	107,520	2	(365)	34,000	2,213,206
<b>Total fund balance (deficit) ..</b>	<b>\$150,000</b>	<b>\$57,386</b>	<b>\$164,871</b>	<b>\$2</b>	<b>\$(365)</b>	<b>\$34,000</b>	<b>\$3,664,248</b>

TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2003

	DAMASCUS CEMETERY SCHOLARSHIP	LESHINE SCHOLARSHIP	CASPAR BLOCK SCHOLARSHIP	GUSTAF NELSON MEMORIAL	JOHN B. HART	CASPAR BLOCK SPECIAL RECREATION GRANT	TOTAL INTERFUND ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
.....PERMANENT FUND.....								
Cash and cash equivalents .....	\$ 14,990	\$ 5,519	\$ 5,842	\$ 34,783	\$ 2,497	\$ 60,898	\$ 124,529	\$ 2,146,856
Investments .....	100,921						100,921	192,388
Accounts receivable .....								819,446
Intergovernmental .....								176,578
Due from other funds .....							\$(2,135)	541,953
Inventory .....								10,342
<b>TOTAL .....</b>	<b>\$115,911</b>	<b>\$ 5,519</b>	<b>\$ 5,842</b>	<b>\$ 34,783</b>	<b>\$ 2,497</b>	<b>\$ 60,898</b>	<b>\$ 225,450</b>	<b>\$ 3,887,563</b>

A S S E T S

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

Liabilities:								
Accounts payable .....	\$ 2,000						\$ 2,000	\$ 425,468
Due to other funds .....							\$(2,135)	80,826
Deferred revenue .....								944,613
<b>Total liabilities .....</b>	<b>2,000</b>						<b>(2,135)</b>	<b>1,450,907</b>

Fund balance (deficit):

Reserved:								
Encumbrances .....								10,342
Inventory .....	1,500	\$ 4,000	\$ 5,000	\$ 30,000	\$ 2,497	\$ 59,920	102,917	102,917
Permanent account .....								
Unreserved:								
Designated .....	112,411	1,519	842	4,783		978	120,533	2,323,397
Undesignated .....								
<b>Total fund balance (deficit) ...</b>	<b>113,911</b>	<b>5,519</b>	<b>5,842</b>	<b>34,783</b>	<b>2,497</b>	<b>60,898</b>	<b>223,450</b>	<b>2,436,656</b>
<b>TOTAL .....</b>	<b>\$115,911</b>	<b>\$ 5,519</b>	<b>\$ 5,842</b>	<b>\$ 34,783</b>	<b>\$ 2,497</b>	<b>\$ 60,898</b>	<b>\$ 225,450</b>	<b>\$ 3,887,563</b>



TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2004

	REVALUATION	OPEN SPACE	WATER ASSESSMENT	PROGRAM FUND	DAY CARE	EDUCATIONAL GRANTS	CAFETERIA
.....SPECIAL REVENUE.....							
Revenues:							
Assessment income .....			\$50,221				
Interest on assessments .....			18,058				
Intergovernmental revenues .....				\$ 450	\$ 662	\$1,696,718	\$ 188,810
Investment income .....		\$ 2,190	424				268
Sale of food .....					609,722		877,312
Sales and services .....		82,315		82,963			
Program income .....			1,165		2,256		
Other .....							
Total revenues .....		84,505	69,868	83,413	612,640	1,696,718	1,066,390
Expenditures:							
Current:							
General government .....	\$ 58,969						
Public safety .....							
Public works and highway .....							
Parks, recreation and libraries .....		180,709					
Health and human services .....				83,552	576,027	1,858,403	1,052,255
Education .....			63,540				
Debt service .....							
Total expenditures .....	58,969	180,709	63,540	83,552	576,027	1,858,403	1,052,255
Excess (deficiency) of revenues over expenditures .....	(58,969)	(96,204)	6,328	(139)	36,613	(161,685)	14,135
Other financing sources:							
Transfers in .....	476,672	30,300					
Net change in fund balances .....	417,703	(65,904)	6,328	(139)	36,613	(161,685)	14,135
Fund balance, July 1, 2003 .....	54,541	225,990	40,316	26,863	147,436	230,036	22,628
Fund balance (deficit), June 30, 2004	\$472,244	\$160,086	\$46,644	\$26,724	\$184,049	\$ 68,351	\$ 36,763

TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	BOARD OF EDUCATION.	SMALL CITIES	TOWN AID ROAD	TECHNOLOGY INFRASTRUCTURE	PASS THROUGH GRANTS	PARK AND RECREATION	SPECIAL PROGRAMS
Revenues:							
Assessment income .....							
Interest on assessments .....							
Intergovernmental revenues .....							
Investment income .....	\$ 891	\$ 310	\$ 92,790	\$ 217,808		\$ 2,386	\$ 513,571
Sale of food .....							4,669
Sales and services .....							8,886
Program income .....		27,610				298,332	
Other .....	30,000		2,420			14,844	64,239
Total revenues .....	30,891	27,920	95,210	217,808		315,562	591,365
Expenditures:							
Current:							
General government .....	10,300			\$ 150			19,426
Public safety .....							232,551
Public works and highway .....			51,581				265,643
Parks, recreation and libraries ..						349,108	
Health and human services .....		65,538			217,808		28,883
Education .....							
Debt service .....							
Total expenditures .....	10,300	65,538	51,581	150	217,808	349,108	546,503
Excess (deficiency) of revenues over expenditures .....	20,591	(37,618)	43,629	(150)		(33,546)	44,862
Other financing sources:							
Transfers in .....							75,400
Net change in fund balances .....	20,591	(37,618)	43,629	(150)		(33,546)	120,262
Fund balance, July 1, 2003 .....	78,403	134,954	17,294	150	- 0 -	148,079	383,920
Fund balance (deficit), June 30, 2004	\$ 98,994	\$ 97,336	\$ 60,923	\$ -0-	\$ - 0 -	\$ 114,533	\$ 504,182

TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	RETIREE BENEFIT	COUNSELING CENTER	WILLOUGHBY WALLACE LIBRARY	TOURISM	EXIT 53 IMPROVEMENT FUND
				BOARD OF EDUCATION SEVERANCE	TOTAL
Revenues:					
Assessment income .....					\$ 50,221
Interest on assessments .....					18,058
Intergovernmental revenues .....					2,709,697
Investment income .....		\$ 578	\$ 3,556		16,384
Sale of food .....					877,312
Sales and services .....					700,923
Program income .....		54,854	22,637	\$34,000	408,905
Other .....				\$25,000	251,415
Total revenues .....		55,432	26,193	25,000	5,032,915
Expenditures:					
Current:					
General government .....					88,845
Public safety .....					232,351
Public works and highway .....				25,365	342,589
Parks, recreation and libraries ..			11,446		541,263
Health and human services .....		54,238			366,467
Education .....					3,570,237
Debt service .....					63,540
Total expenditures .....		54,238	11,446	25,365	5,205,492
Excess (deficiency) of revenues over expenditures .....		1,194	14,747	(365)	(172,577)
Other financing sources:					
Transfers in .....	\$ 50,000				632,372
Net change in fund balances .....	50,000	1,194	14,747	(365)	459,795
Fund balance, July 1, 2003 .....	100,000	50,026	92,773	\$2	1,753,411
Fund balance (deficit), June 30, 2004	\$150,000	\$51,220	\$107,520	\$ (365)	\$2,213,206

TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	PERMANENT FUND				CASPAR BLOCK SPECIAL RECREATION GRANT		INTERFUND ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DAMASCUS CEMETERY	LESHINE SCHOLARSHIP	CASPAR BLOCK SCHOLARSHIP	GUSTAF NELSON MEMORIAL	JOHN B. HART	TOTAL	TOTAL	TOTAL
Revenues:								
Assessment income .....								\$ 50,221
Interest on assessments .....								18,058
Intergovernmental revenues .....								2,709,697
Investment income .....	\$ 14,163	\$ 63	\$ 69	\$ 401	\$ 53	\$ 692	\$ 15,441	
Sale of food .....								31,825
Sales and services .....								877,312
Program income .....								700,923
Other .....								408,905
								251,415
Total revenues .....	14,163	63	69	401	53	692	15,441	5,048,356
Expenditures:								
Current:								
General government .....								88,845
Public safety .....								232,551
Public works and highway .....								342,589
Parks, recreation and libraries ..					2,210		2,210	543,473
Health and human services .....	5,600	250	250	500			5,600	372,067
Education .....							1,000	3,571,237
Debt service .....								63,540
Total expenditures .....	5,600	250	250	500	2,210	8,810	8,810	5,214,302
Excess (deficiency) of revenues over expenditures .....	8,563	(187)	(181)	(99)	(2,157)	692	6,631	(165,946)
Other financing sources:								
Transfers in .....								632,372
Net change in fund balances .....	8,563	(187)	(181)	(99)	(2,157)	692	6,631	466,426
Fund balance, July 1, 2003 .....	105,348	5,706	6,023	34,882	4,654	60,206	216,819	\$ - 0 -
Fund balance (deficit), June 30, 2004	\$113,911	\$5,519	\$5,842	\$34,783	\$ 2,497	\$60,898	\$223,450	\$ - 0 -
								\$2,436,656

TOWN OF BRANFORD, CONNECTICUTINTERNAL SERVICE FUNDCOMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2004

	WORKERS' COMPENSATION FUND	HEART AND HYPERTENSION FUND	TOTAL
<b>ASSETS:</b>			
Cash and cash equivalents .....	\$610,848	\$ 206,841	\$ 817,689
Due from other funds .....	150,000		150,000
Total assets .....	760,848	206,841	967,689
<b>LIABILITIES:</b>			
Accounts payable .....	3,917	9,699	13,616
Claims incurred not reported .....	810,411	354,363	1,164,774
Total liabilities .....	814,328	364,062	1,178,390
<b>NET ASSETS:</b>			
Unrestricted .....	<u>\$(53,480)</u>	<u>\$(157,221)</u>	<u>\$ (210,701)</u>

TOWN OF BRANFORD, CONNECTICUTINTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004

	WORKERS' COMPENSATION FUND	HEART AND HYPERTENSION FUND	TOTAL
Operating revenues:			
Contributions for benefits.....	\$ 918,000	\$ 146,000	\$1,064,000
Operating expenses:			
Benefit claims.....	969,959	72,262	1,042,221
Claims administration.....	85,000		85,000
Total operating expenses .....	<u>1,054,959</u>	<u>72,262</u>	<u>1,127,221</u>
Operating income (loss) .....	(136,959)	73,738	(63,221)
Nonoperating income - interest income ....	<u>5,811</u>	<u>980</u>	<u>6,791</u>
Change in net assets .....	(131,148)	74,718	(56,430)
Net assets (deficit), July 1, 2003 .....	<u>77,668</u>	<u>(231,939)</u>	<u>(154,271)</u>
Net assets (deficit), June 30, 2004 .....	<u>\$ (53,480)</u>	<u>\$ (157,221)</u>	<u>\$ (210,701)</u>

TOWN OF BRANFORD, CONNECTICUTINTERNAL SERVICE FUNDCOMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004

	WORKERS' COMPENSATION FUND	HEART AND HYPERTENSION FUND	TOTAL
Cash flows from (to) operating activities:			
Cash received for benefits.....	\$ 918,000	\$ 146,000	\$1,064,000
Cash paid for benefits and administration	(758,220)	(47,856)	(806,076)
Cash flows from operating activities..	159,780	98,144	257,924
Cash flows from investing activities:			
Interest income.....	5,811	980	6,791
Net increase in cash and cash equivalents .	165,591	99,124	264,715
Cash and cash equivalents, July 1, 2003 ...	445,257	107,717	552,974
Cash and cash equivalents, June 30, 2004 ..	\$ 610,848	\$ 206,841	\$ 817,689
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss) .....	\$ (136,959)	\$ 73,738	\$ (63,221)
Changes in balance sheet accounts:			
Increase (decrease) in payables.....	346,739	(40,594)	306,145
(Increase) in receivables.....	(50,000)	65,000	15,000
Net cash provided by operating activities .	\$ 159,780	\$ 98,144	\$257,924

TOWN OF BRANFORD, CONNECTICUT

AGENCY FUND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2004

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>BRANFORD CONSERVATION COMMISSION</u>				
<u>ASSETS</u>				
Cash and cash equivalents .....	\$1,431	\$16		\$1,447
<u>LIABILITIES</u>				
Due to students, employees and other groups .....	\$1,431	\$16		\$1,447
<u>SHELLFISH COMMISSION</u>				
<u>ASSETS</u>				
Cash and cash equivalents .....	\$10,205	\$1,618	\$1,200	\$10,623
<u>LIABILITIES</u>				
Due to students, employees and other groups .....	\$10,205	\$1,618	\$1,200	\$10,623
<u>ACADEMY-ON-THE-GREEN</u>				
<u>ASSETS</u>				
Cash and cash equivalents .....	\$30,704	\$2,019	\$886	\$31,837
<u>LIABILITIES</u>				
Due to students, employees and other groups .....	\$30,704	\$2,019	\$886	\$31,837



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

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>VOLUNTEER FIREMENS/ PENSION FUND</u>				
<u>ASSETS</u>				
Cash and cash equivalents .....	\$ 766	\$ 499		\$ 1,265
Investments .....	126,129	63,678	\$32,200	157,607
Due from other funds .....	14,000		2,000	12,000
<b>TOTAL ASSETS.....</b>	<b>\$140,895</b>	<b>\$64,177</b>	<b>\$34,200</b>	<b>\$170,872</b>
<u>LIABILITIES</u>				
Due to students, employees and other groups .....	\$140,895	\$64,177	\$34,200	\$170,872
<u>COMMISSION ON SERVICES FOR THE ELDERLY</u>				
<u>ASSETS</u>				
Cash and cash equivalents .....	\$60,579	\$285,245	\$284,317	\$61,507
<u>LIABILITIES</u>				
Accounts payable .....	\$ 884	\$ 2,662	\$ 884	\$ 2,662
Due to other funds .....	2,360		1,036	1,324
Due to students, employees and other groups .....	57,335	282,583	282,397	57,521
<b>TOTAL LIABILITIES.....</b>	<b>\$60,579</b>	<b>\$285,245</b>	<b>\$284,317</b>	<b>\$61,507</b>
<u>STUDENT ACTIVITY FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents .....	\$635,774	\$1,515,670	\$1,536,873	\$614,571
<u>LIABILITIES</u>				
Due to students, employees and other groups .....	\$635,774	\$1,515,670	\$1,536,873	\$614,571

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

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>TOTAL - ALL FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents .....	\$739,459	\$1,805,067	\$1,823,276	\$721,250
Investments .....	126,129	63,678	32,200	157,607
Due from other funds .....	14,000		2,000	12,000
<b>TOTAL ASSETS.....</b>	<b>\$879,588</b>	<b>\$1,868,745</b>	<b>\$1,857,476</b>	<b>\$890,857</b>
<u>LIABILITIES</u>				
Accounts payable .....	\$ 884	\$ 2,662	\$ 884	\$ 2,662
Due to other funds .....	2,360		1,036	1,324
Due to students, employees and other groups .....	876,344	1,866,083	1,855,556	886,871
<b>TOTAL LIABILITIES.....</b>	<b>\$879,588</b>	<b>\$1,868,745</b>	<b>\$1,857,476</b>	<b>\$890,857</b>

TOWN OF BRANFORD, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSCOMPARATIVE SCHEDULE BY SOURCE  
JUNE 30, 2004 AND 2003

	2004	2003
Governmental funds capital assets:		
Land.....	\$ 7,164,837	\$ 5,812,440
Land improvements.....	828,299	596,500
Buildings.....	71,014,203	67,564,872
Furniture and equipment.....	17,291,377	15,845,823
Construction in progress.....	<u>25,225,528</u>	<u>28,344,503</u>
TOTAL.....	<u>\$121,524,244</u>	<u>\$118,164,138</u>
Investments in governmental funds capital assets by source:		
Assets acquired prior to July 1, 2002.....	\$112,185,888	\$112,882,686
General Fund revenue/bonds.....	8,834,457	5,233,342
Contributions/donations.....	73,918	35,000
Special Revenue Funds.....	<u>429,981</u>	<u>13,110</u>
TOTAL.....	<u>\$121,524,244</u>	<u>\$118,164,138</u>

TOWN OF BRANFORD, CONNECTICUT  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY  
 JUNE 30, 2004

	TOTAL	LAND	LAND IMPROVEMENTS	BUILDINGS	FURNITURE AND EQUIPMENT	CONSTRUCTION IN PROGRESS
General government.....	\$ 6,396,927	\$1,469,804	\$ 81,516	\$ 4,513,864	\$ 331,743	
Public safety.....	8,933,673	292,087	20,200	4,399,985	4,146,401	\$ 75,000
Public works and highway.....	38,729,771	1,699,047	91,283	2,535,077	9,253,836	25,150,528
Parks, recreation and libraries....	5,650,646	3,161,217	422,300	1,808,312	258,817	
Health and human services.....	1,172,143	52,236	5,900	901,966	212,041	
Education.....	60,641,084	490,446	207,100	56,854,999	3,088,539	
TOTAL.....	\$121,524,244	\$7,164,837	\$828,299	\$71,014,203	\$17,291,377	\$25,225,528

TOWN OF BRANFORD, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2004

	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2003	ADDITIONS	DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2004
General government....	\$ 5,013,098	\$1,394,972	\$ 11,143	\$ 6,396,927
Public safety.....	8,907,620	332,630	306,577	8,933,673
Public works and highway.....	38,143,078	744,307	157,614	38,729,771
Parks, recreation and libraries.....	5,544,645	114,140	8,139	5,650,646
Health and human services.....	1,145,703	26,440		1,172,143
Education.....	59,409,994	1,444,415	213,325	60,641,084
TOTAL.....	<u>\$118,164,138</u>	<u>\$4,056,904</u>	<u>\$696,798</u>	<u>\$121,524,244</u>

TOWN OF BRANFORD, CONNECTICUT

## STATEMENT OF DEBT LIMITATION

JUNE 30, 2004

(thousands)

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2004.....						\$62,273
Total tax collections (including interest and lien fees) of coterminous Municipalities (estimated).....						994
Reimbursement for revenue loss on:						
Elderly tax relief.....						19
BASE .....						<u>\$63,286</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.....	\$142,394					
4-1/2 times base.....		\$284,788				
3-3/4 times base.....			\$237,323			
3-1/4 times base.....				\$205,680		
3 times base.....						\$189,858
Total .....	<u>142,394</u>	<u>284,788</u>	<u>237,323</u>	<u>205,680</u>		<u>189,858</u>
Indebtedness:						
Bonds payable.....	7,821	22,192	25,947			
Bonds authorized and unissued .....			2,381			
School building grants receivables .....		(7,872)				
Total indebtedness..	<u>7,821</u>	<u>14,320</u>	<u>28,328</u>			
Debt limitation in excess of outstanding and authorized debt.....	<u>\$134,573</u>	<u>\$270,468</u>	<u>\$208,995</u>	<u>\$205,680</u>		<u>\$189,858</u>

NOTE 1: In no case shall total indebtedness exceed seven times annual receipts from taxation \$443,002.

NOTE 2: Water bonds of \$307 are excluded from the computation above.