

*Financial Statements and  
Supplemental Schedules*

*Town of Granby*

*Year Ended June 30, 2005  
With Independent Auditors' Report*

**TOWN OF GRANBY, CONNECTICUT**

**TABLE OF CONTENTS**

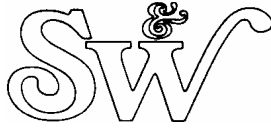
**JUNE 30, 2005**

		<b><u>Page</u></b>
	Independent Auditors' Report .....	1
	Management's Discussion and Analysis .....	3
<b><u>Exhibit</u></b>		
	Basic Financial Statements:	
	Government-wide Financial Statements:	
I	Statement of Net Assets .....	15
II	Statement of Activities .....	16
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet .....	17
IV	Statement of Revenues, Expenditures and Changes in Fund Balances .....	18
	Proprietary Funds:	
V	Statement of Net Assets.....	19
VI	Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	20
VII	Statement of Cash Flows .....	21
	Fiduciary Funds:	
VIII	Statement of Fiduciary Net Assets .....	22
IX	Statement of Changes in Plan Net Assets – Pension Trust Fund .....	23
	Notes to Financial Statements .....	24
	Required Supplementary Information:	
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources – Budget and Actual .....	44
RSI-2	Schedule of Expenditures and Other Financing Uses – Budget and Actual .....	46
	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 .....	55
	Agency Funds:	
C-1	Combining Balance Sheet .....	60
C-2	Combining Statement of Changes in Assets and Liabilities.....	61
	Capital Assets Used in the Operation of Governmental Funds:	
D-1	Schedule by Source .....	63
D-2	Schedule by Function and Activity .....	64
D-3	Schedule of Changes by Function and Activity .....	65

## STATISTICAL SECTION

<u>Table</u>		<u>Page</u>
	Government-Wide Information:	
1	Government-Wide Expenses By Function – Last Three Fiscal Years .....	66
2	Government-Wide Revenues – Last Three Fiscal Years .....	67
	Fund and Other Information:	
3	General Fund Revenues by Source and Transfers From Other Funds - GAAP Basis - Last Ten Fiscal Years .....	68
4	General Fund Expenditures By Function and Transfers to Other Funds - GAAP Basis - Last Ten Fiscal Years .....	69
5	Property Tax Levies and Collections - Last Ten Fiscal Years .....	70
6	Property Tax Assessments and Rates - Last Ten Fiscal Years.....	71
7	Statement of Debt Limitation .....	72

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

## INDEPENDENT AUDITORS' REPORT

Board of Finance  
Town of Granby, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Granby, Connecticut, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Granby, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

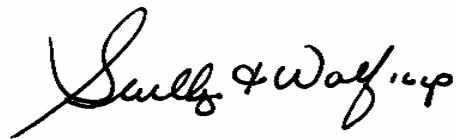
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2005 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 3 through 15 and 44 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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables 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. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, appearing to read "Sully & Wolf". The signature is written in a cursive, flowing style.

October 21, 2005

## TOWN OF GRANBY, CONNECTICUT

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

This Annual Financial Report is compiled using the financial reporting requirements of the Government Accounting Standards Board (GASB) Statement 34. GASB Statement 34 requires that we, as the managers of the Town of Granby, prepare a report that focuses on our most important, or "major" funds, including the general fund.

Fund statements measure and report the "operating results" of many funds by measuring cash on hand and other assets that can easily be converted to cash. These statements show the short-term performance of individual funds using the same measures governments use when financing current operations. On the other hand, if we charge a fee to users for services, fund information will continue to be based on accrual accounting. Budgetary compliance remains an important part of governmental accountability. Our financial statements include the *original* budget as well as the final amended budget.

Our hope is to provide you, the reader, with an objective and readable analysis of our financial performance for the year. Taken together, the following statements should enable you to assess whether Granby's financial position has improved or deteriorated as a result of the year's operations. The annual financial report includes government-wide financial statements prepared on the accrual basis for all of your government's activities. Accrual accounting measures not just current assets and current liabilities, but long-term assets and liabilities as well. It also reports all revenues and all costs of providing services each year, not just those received or paid in the current fiscal year (or shortly thereafter).

In summary, the government-wide financial statements will assist the reader to:

- Assess the finances of Granby in its entirety, including the year's operating results;
- Determine whether our overall financial position improved or deteriorated;
- Evaluate whether our current-year revenues were sufficient to pay for current-year services;
- See the costs of providing you the services you have requested of us;
- See how we finance the programs you have asked for – through user fees and other program revenues versus general tax revenues;
- Understand the extent to which your government has invested in capital assets, including roads, bridges, schools, parks, and other infrastructure assets;
- Make better comparisons between governments.

The Annual Financial Report includes the following information and financial statements as defined by GASB Statement 34:

- ✱ **Management's Discussion and Analysis (MD&A)** – An introduction to the basic financial statements and an analytical overview of the government's financial activities. The MD&A provides an objective and easily readable analysis of the Town's financial activities based on currently known facts, decisions, or conditions. The MD&A
  - ❑ Includes comparisons of the current year to the prior year based on government-wide information;
  - ❑ Provides an analysis of our overall financial position and the results of operations to assist you in assessing whether our financial position has improved or deteriorated as a result of the year's activities;
  - ❑ Analyzes significant changes in fund and major budget variances;
  - ❑ Describes capital asset and long-term debt activity during the year;
  - ❑ Concludes with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on our financial position or the results of our operations.

## \* Basic Financial Statements

- **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the Town of Granby's finances, in a manner similar to private-sector business.
  - **Government-Wide Financial Statements** include a *statement of net assets* which presents information on all of the Town of Granby's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Granby is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation and sick leave). The statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, revenues, expenses, and gains and losses of the government. Both of the government-wide financial statements distinguish functions of the Town of Granby that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works and environment, education, and recreation and social services.
  - Fiduciary activities whose resources are not available to finance our governmental programs are excluded from these statements.

Capital assets, including infrastructure, are reported along with accumulated depreciation expense in the statement of net assets. Net assets are reported as capital assets net of related debt, restricted, and unrestricted. Permanent endowments or permanent fund principal amounts included in restricted net assets are shown as either expendable or nonexpendable.

Expenses are presented reduced by program revenues, resulting in a measurement of "net (expense) revenue" for each of the government's functions. Program expenses include all direct expenses. General revenues such as taxes and special and extraordinary items are reported separately, ultimately arriving at the change in net assets for the period. Special items are significant transactions or other events that are either unusual or infrequent and are within the control of management.

- **Fund Financial Statements** are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or *objectives*. The Town of Granby, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.
  - **Governmental fund** financial statements include financial data for the general fund, special revenue funds, capital projects, debt service, and permanent funds and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The focus of governmental funds is narrower than that of the government-wide financial statements, thus it is useful to compare the information presented for *governmental activities* in the government-wide financial statements with similar

information presented for *governmental activities* in the long-term impact of the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The Town of Granby maintains thirty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, both of which are considered to be major funds. Data from the other thirty-four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the thirty-four nonmajor governmental funds is provided in the form of *combining statements* under Supplemental Information, *Exhibits B1 and B2*. The Town of Granby adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with budget appropriations.

- *Proprietary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The Town of Granby maintains one type of proprietary fund, an internal service fund. *Internal service funds* are an accounting device used to calculate and allocate costs internally among the Town of Granby's various functions. The Town uses an internal service fund to account for its employee health benefits, collecting employer and employee payments and disbursing payments as required. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
- *Fiduciary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Granby's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund financial statements are presented for primary government and proprietary funds. Governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. Proprietary fund statements are comprised of a statement of net assets, a statement of revenues, expenses, and changes in net fund assets, and a statement of cash flows. A summary reconciliation of the fund and government-wide statements accompanies the fund financial statements.

Separate columns are shown for the general fund and for other major governmental funds. Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. Non-major funds are reported in the aggregate in a separate column as are internal service funds on the proprietary fund statements.

Governmental fund balances are segregated into reserved and unreserved categories.

Proprietary fund net assets are reported in the same categories required for government-wide financial statements. Proprietary fund statements of net assets distinguish between current and non-current assets and liabilities and display restricted assets.

The statements distinguish between operating and non-operating revenues and expenses in proprietary fund statements of revenues, expenses, and changes in net fund assets. At the bottom of these



statements, we reflect capital contributions, contributions to permanent and term endowments, special and extraordinary items, and transfers in arriving at the all-inclusive change in fund net assets.

We present separate fiduciary fund statements used to report assets held in a trustee or agency capacity for others and which cannot be used for our own programs. We must show a statement of fiduciary net assets and a statement of changes in fiduciary net assets. Fiduciary fund statements also disclose interfund loans, interfund services provided and used, and interfund transfers.

➤ Notes to the Financial Statements

- Consist of notes that provide information essential to your understanding of the data provided in the government-wide and fund financial statements.

➤ Required Supplementary Information (RSI)

- Consists of MD&A and budgetary comparison schedules.
- Includes budgetary comparison schedules for the general fund to demonstrate whether resources were obtained and used in accordance with the legally adopted budget.

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

As management of the Town of Granby, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here and in the Town's financial statements, *Exhibits I to IX*.

### **Financial Highlights**

- The assets of the Town of Granby exceeded its liabilities at the close of the most recent year by \$32,944,263 (net assets). Of this amount, \$9,159,922 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$4,301,342. This increase was due to over \$6.5 million in capital outlays for the school renovation projects and other Town improvements coupled with the overall reduction in debt in excess of \$987 thousand. These gains were offset somewhat by capital expenditures not yet permanently funded.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,494,555, a decrease of \$3,451,382 in comparison with the prior year due to expenditures in the capital projects account. *Unreserved fund balances* amount to a collective negative \$4,944,783 reflecting a temporary imbalance of expenditures over revenues in the capital projects account.
- At the end of the 2005 fiscal year, unreserved fund balance for the general fund was \$3,420,529, or 10.94% of total general fund expenditures of \$31,277,755.
- The Town of Granby's bonded debt decreased by \$987,500 (4.58%) during the current fiscal year. The Town issued \$9,750,000 of new bonds but retired \$10,737,500 of outstanding long-term debt.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Granby, assets exceeded liabilities by \$32,944,263 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets, \$22,642,784 (68.73%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Granby uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of

related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1. Net Assets**

	<b>Governmental Activities 2005</b>	<b>Governmental Activities 2004</b>
Current and Other Assets .....	\$16,010,087	\$11,351,668
Capital Assets.....	<u>49,724,003</u>	<u>43,208,183</u>
Total Assets.....	<u>65,734,090</u>	<u>54,559,851</u>
Long-Term Debt Outstanding .....	22,042,758	23,790,231
Other Liabilities .....	<u>10,747,069</u>	<u>2,126,699</u>
Total Liabilities .....	<u>32,789,827</u>	<u>25,916,930</u>
Net Assets:		
Invested in Capital Assets, net of debt .....	22,642,784	20,614,636
Restricted.....	1,141,557	1,102,307
Unrestricted.....	<u>9,159,922</u>	<u>6,925,978</u>
Total Net Assets .....	<u>\$32,944,263</u>	<u>\$28,642,921</u>

A portion of the Town’s net assets, \$1,141,557 (3.47%), represents resources that are subject to external restrictions on how they may be used. \$1,122,692 is set aside for debt service and \$18,865 is restricted for expendable trust purposes. The remaining balance of *unrestricted net assets*, \$9,159,922, may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Granby is able to report positive balances in all three categories of net assets, both for government as a whole, as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

The government’s net assets increased by \$4,301,342 during the current fiscal year. The Town brought in total general revenues of \$25,816,065 which exceeded its net program expenditures of \$21,514,723 by the amount of the net asset increase. Gross expenses of \$33,791,592 were offset by \$2,683,210 in charges for services, \$5,954,856 in capital grants and contributions, and \$3,638,803 in operating grants and contributions. Of the net program expenditures, \$14,241,054 was accounted for by the Board of Education. Net public works and environment expenditures accounted for \$2,540,730, public safety, \$1,696,466, general government, \$1,472,921, interest on long-term debt, \$946,343, and recreation and social services, \$617,209. The majority of the Town’s revenue of \$25,035,707 came in the form of local property tax collections, \$328,701 of unrestricted investment earnings, and \$451,657 in miscellaneous and investment income.

**Governmental activities.** Governmental activities increased the Town’s net assets by \$4,301,342, accounting for 100% of the total growth in our net assets. Key elements of this increase are as follows:

**Table 2. Changes in Net Assets**

	<b>Governmental Activities 2005</b>	<b>Governmental Activities 2004</b>
Revenues:		
Program Revenues:		
Charges for Services.....	\$ 2,683,210	\$ 2,437,317
Operating Grants and Contributions	5,954,856	5,977,784
Capital Grants and Contributions ....	3,638,803	1,209,259
General Revenues:		
Property Taxes .....	25,035,707	23,440,114
Grants and Contributions not Restricted to Specific Purpose.....	225,564	263,922
Unrestricted Investment Earnings ...	328,701	125,437
Other General revenues .....	<u>226,093</u>	<u>33,732</u>
<b>Total Revenues .....</b>	<b><u>38,092,934</u></b>	<b><u>33,587,565</u></b>
Program Expenses:		
General Government .....	2,195,708	2,617,505
Public Safety.....	2,010,012	1,966,836
Public works and environment .....	2,949,836	2,546,818
Recreation and Social Services.....	1,189,469	1,141,675
Education.....	24,344,532	22,409,637
Interest on Long-Term Debt.....	<u>1,102,035</u>	<u>1,254,418</u>
<b>Total Program Expenses .....</b>	<b><u>33,791,592</u></b>	<b><u>31,936,889</u></b>
<b>Increase in Net Assets.....</b>	<b><u>\$ 4,301,342</u></b>	<b><u>\$ 1,650,676</u></b>

Total revenues from the prior year increased \$4,505,369 (13.41%) largely as a result of increases in real estate, personal property, and motor vehicle taxes coupled with an influx of State school building construction grants applicable to expenditures at the Kearns, Wells Road, and Kelly Lane Schools. Expenditures rose \$1,854,703 (5.81%) almost entirely due to increased costs of education. These increases were offset somewhat by reductions in general government (\$422 thousand) expenditures.

Revenues

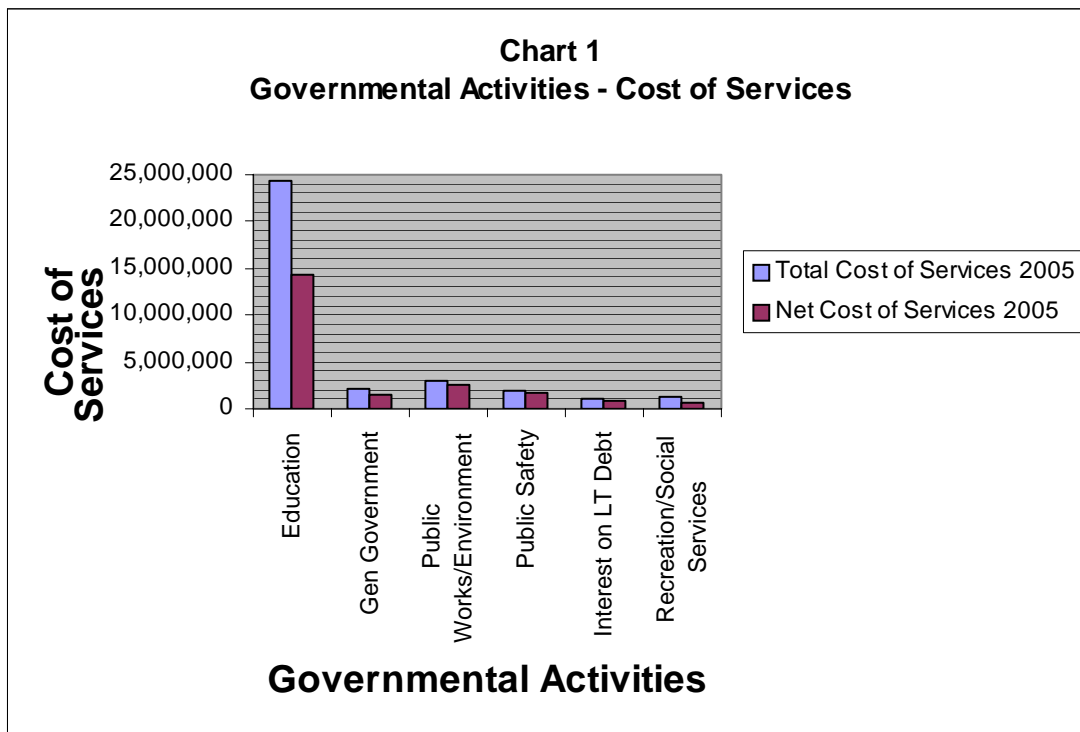
- Property taxes collected increased by \$1,595,593 (6.81%) over the prior year.
- Capital grants increased \$2,429,544 , over two hundred percent, fueled by the influx of State of Connecticut school building progress payment grants for the ongoing school renovations.
- Rising interest rates and an unexpended capital funding balance contributed to a \$203 thousand (162%) jump in unrestricted investment revenues.

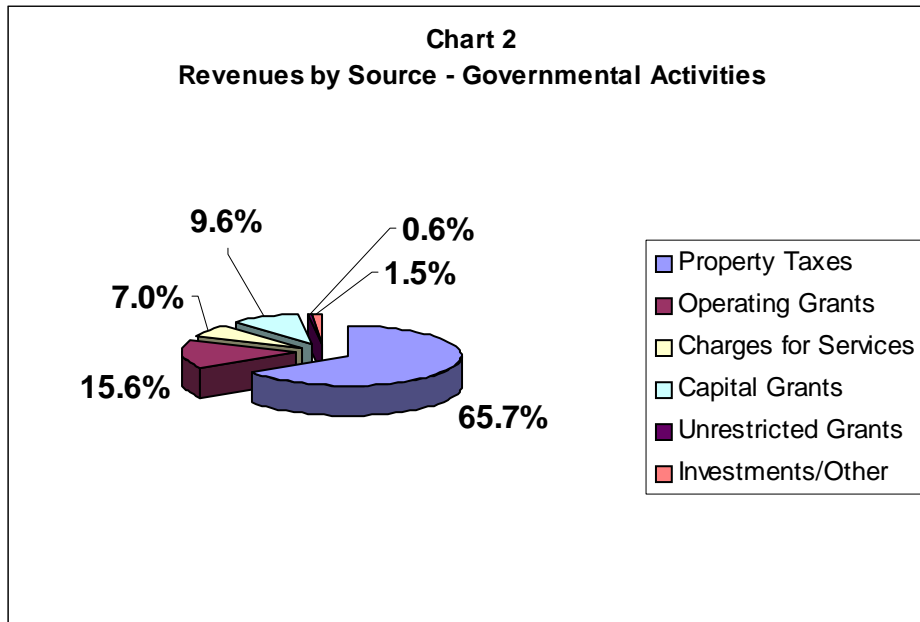
Expenditures (gross)

- Education costs rose \$1.935 million (8.63%) over the prior year due mainly to employee salary and benefit improvements embedded in collective bargaining agreements and non-capital expenditures related to ongoing renovation projects.
- General government expenditures dropped \$422 thousand (13.41%) from FY 2004 due in part to reductions in fringe benefits of over \$241 thousand.
- Public works and environment expenditures rose \$403 thousand (15.82%) as a result of scheduled collective bargaining increases and the effects of severe winter weather overtime.

Chart 1 following presents the costs of each of the Town's six largest programs 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.

Chart 2 following indicates the sources of all Town revenues and the percentage these individual revenues represent of total Town revenue.





For the most part, increases in gross expenses of \$1,854,703 (5.81%) closely parallel inflation and increases in the Town's population. They reflect no new general government programs and are largely the result of implementation of contractual collective bargaining increases.

### Financial Analysis of the Government's Funds

As noted earlier, the Town of Granby uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Granby's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,494,555, a decrease of \$3,451,382 in comparison with the prior year. Unreserved fund balance, which is available for spending at the government's discretion, amounts to a net negative \$4,944,783. While the general fund and other governmental funds post positive fund balances (\$3,766,823 and \$3,586,694, respectively), the capital projects fund reflects a negative fund balance of \$5,858,962 caused by capital expenditures having been made before the long-term funding was put in place. This deficit will disappear once the timing of cash flows in and out corrects itself. Reserved fund balance in the amount of \$6,439,338 is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period \$346,294; 2) to pay debt service of \$1,141,557; and 3) for future capital project expenditures \$4,951,487.

The general fund is the chief operating fund of the Town of Granby. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,420,529 while total fund balance reached \$3,766,823. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 10.94% of total general fund expenditures of \$31,277,755 while total fund balance represents 12.04% of that same amount.

The fund balance of the Town's general fund increased by \$400,165 during the current fiscal year as a result of larger than expected local tax collections (\$508 thousand), more intergovernmental grants than budgeted (\$213 thousand), better returns on the Town's investments (\$112 thousand), and a jump in Town Clerk fees (almost \$230 thousand). In addition, all Town departments spent less than their budget with the effect of "saving" \$382 thousand. A substantial portion of these favorable budgetary operations, \$1,678,101, was transferred to other funds at the end of the year, primarily capital project accounts to fund continuing capital improvements throughout the Town.

**Proprietary fund.** The Town of Granby's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As indicated earlier, we use an internal service fund to account for employee health benefits.

Net assets of the internal service fund at the end of the year amounted to \$1,141,010, down \$67 thousand from FY 2004, all of which is unrestricted. The total drop in net assets for the fund came about due to a modest imbalance between administrative expenses and medical benefits paid out (\$3,164,232) and contributions paid in (\$3,070,422).

### **General Fund Budgetary Highlights**

Differences between the original expenditure budget (\$32,614,291) and the final amended budget (\$32,741,206) were relatively minor (\$126,915 net increase in appropriations). The revenue budget remained unchanged at \$31,572,291. The significant actions, approved by the Board of Finance, are noted below.

- \$6,000 in net additional funding for general government;
- \$23,000 budget decrease allocated to public safety taken primarily in police operations;
- \$23,000 extra funding to public works and environment for snow removal and equipment maintenance;
- \$36,915 additional appropriation for the Board of Education;
- \$80,000 additional transfers out to the capital projects fund;
- \$4,000 new police grants.

All of these increased appropriations were to be paid from available fund balance and reductions in other budget line items as indicated. During the year, actual revenues exceeded budgeted revenues by \$1,202,721 and actual expenditures were \$381,895 less than budget. As a result, no drawdown of general fund balance was required.

### **Capital Asset and Debt Administration**

**Capital assets.** The Town of Granby's investment in capital assets for its governmental assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net increase in the Town's investment in capital assets for the current fiscal year, before depreciation, was \$8,105,827.

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

- \$206,700 of land improvements were made for general Town use, the library, and public works and environment;
- \$7,216,278 of new construction in progress was added, as noted below:
  - \$13,005 High School Renovations
  - \$10,764 Municipal Complex
  - \$10,608 Kearns Classroom

- \$105,222 repairs to Town bridges
  - \$4,138 repairs to Canton Road
  - \$6,657,967 ongoing renovations at Wells Road School
  - \$414,574 construction design work at Kelly Lane School
- The Town purchased \$200,446 of new vehicles and equipment comprising, in part, new police vehicles and police equipment and various lease payments for public works machinery. The Board of Education expended \$194,411 on technology leases and new vehicles and equipment. At the same time, Granby disposed of \$123,395 worth of old or unserviceable equipment and vehicles.

**Table 3. Capital Assets at Year-end (Net of Depreciation)**

	<b>Governmental Activities</b>	
	<b>2005</b>	<b>2004</b>
Land (not depreciated) .....	\$ 5,244,510	\$ 5,037,810
Buildings and Improvements .....	31,930,195	32,868,054
Vehicles and Equipment.....	2,224,284	2,576,176
Construction in Progress (not depreciated) .	9,222,561	2,006,283
Infrastructure .....	<u>1,102,453</u>	<u>719,860</u>
Totals.....	<u>\$49,724,003</u>	<u>\$43,208,183</u>

Additional information on the Town of Granby’s capital assets can be found in Note 6 on page 34 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of Granby had \$20,595,500 of long-term bonded debt outstanding and \$9,945,000 of short-term debt outstanding in the form of bond anticipation notes (BANs). One hundred percent of Granby’s outstanding bonds and notes is general obligation debt secured by the full faith and credit of the Town.

**Table 4. Long-Term and Short-Term Debt**

<b><u>Bonds</u></b>					
<b><u>Date</u></b>	<b><u>Purpose</u></b>	<b><u>Rate</u></b>	<b><u>Original Issue</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Fiscal Year Maturity</u></b>
		%			
3/1/84	Sewer	5.00	\$ 1,050,000	\$ 262,500	2012
6/15/91	School	7.90-5.90	6,000,000	1,800,000	2011
4/1/92	School	6.70-6.00	3,500,000	1,150,000	2011
12/15/98	Public Improvement	3.75-4.70	4,282,000	2,053,000	2019
12/15/98	School	3.75-4.70	4,808,000	2,402,000	2019
2/1/00	School	5.25-7.00	11,560,000	3,175,000	2020
3/24/05	Public Improvement	3.90	<u>9,750,000</u>	<u>9,750,000</u>	2019
			<u>\$40,950,000</u>	<u>\$20,592,500</u>	

## Notes

<u>Project</u>	<u>Authorized</u>	<u>Date</u>	<u>BANs</u>	<u>Dated</u>	<u>Due</u>
		<u>Authorized</u>	<u>Outstanding</u>		
Frank M. Kearns School	\$ 1,300,000	2/12/01	\$ 774,490	2/17/05	2/16/06
School Property Acquisition Wells Road and Kelly Lane Schools	300,000	12/17/01	176,510	2/17/05	2/16/06
	24,450,000	6/16/03	6,894,000	2/17/05	2/16/06
Various Public Improvements	<u>2,100,000</u>	6/16/03	<u>2,100,000</u>	2/17/05	2/16/06
	<u>\$28,150,000</u>		<u>\$9,945,000</u>		

The Town of Granby's bonded debt decreased by \$987,500 (4.58%). During FY 2005, we took advantage of historically low interest rates and refunded \$939,735 of our outstanding 1998 school bonds, \$1,595,276 of our outstanding 1998 public improvements bonds, and \$6,510,000 of our outstanding 2000 school bonds. Through the refunding, we expect to save over \$480 thousand in future principal and interest costs.

We issued bond anticipation notes (BANs) in the amount of \$9.945 million as shown above to partially fund our share of the town and school construction and renovation projects approved by the voters.

The State of Connecticut subsidizes a portion of the Town's cost of school bond principal and interest for such bonds issued prior to 1996. As of June 30, 2005, the Town expects to receive \$2,386,412 in school bond principal payments from the State over the life of the remaining outstanding school bonds. As a result, the Town's *net bonded debt* is considered to be \$28,151,088.

For the first time, the Town sought and received a credit rating from Standard & Poor's Corporation (S&P), one of the three nationally recognized municipal credit rating agencies. Our S&P rating of "AA" represents a two-grade jump from our existing Moody's Investors Service rating of A1.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections plus interest and lien fees. For June 30, 2005, the maximum amount of borrowing permitted under the formula would be \$176,243,347. With net borrowings of \$28,151,088, the Town's outstanding general obligation debt is \$148,092,259 below the maximum debt limitation (see "Statement of Statutory Debt Limitation" on page 72 of this report).

Additional information on the Town of Granby's long-term debt can be found in Note 8 on page 37 of this document.

### **Economic Factors and Next Year's Budget**

- The unemployment rate for the Town of Granby was 4.2% as of June 30, 2005, which is an increase from a rate of 2.6% a year ago. This compares favorably to the state's average unemployment rate of 5.4% and the national average rate of 5.2%.
- Inflationary trends in the region compare favorably to the national indices.

The FY 2005 – 06 budget incorporates several goals and objectives:

- ✓ Continue to increase the effectiveness and efficiency of Town services through technology and best practice methods;
- ✓ Maintain the present level of Town employment by continuously evaluating services and examining alternative methods of service delivery;
- ✓ Maintain a sufficient, yet modest, general fund balance (5% - 7.5%) to meet unexpected needs and retain flexibility to fund ongoing programs;



- ✓ Make cash payments for capital expenditures as appropriate or negotiate equipment lease purchases to avoid major tax increases;
- ✓ Provide long range operating and capital forecasts to meet “statement of commitments” and to better predict capital needs;
- ✓ Charge reasonable user fees to fund certain essential, and some non-essential but desirable, programs, projects, or non-mandatory services.

Overall, Granby’s budget for FY 2005 – 06 rose \$1,294,515 (3.97%) to \$33,908,806. Of this increase, \$1,268,272 (97.97%) was attributable to the Board of Education. The local real estate, personal property, and motor vehicle tax levy grew \$1,777,153 (7.38%) to help meet the new budget demands. To meet the levy, the mill rate grew from 31.97 to 33.41 (4.50%). Use of fund balance to offset further tax increases amounted to \$207,000, down \$835,000 from the prior year.

General government expenditures of \$7,450,757 are 21.97% of the total budget while the Board of Education share increased 1.27% to 65.94% of the budget. The remainder of the budget is devoted to capital improvements (\$1,151,516 – 3.4%) and debt service (\$2,942,803 – 8.68%). The general government portion of the new budget rose \$354,043 (4.99%) over last year through small increases in all areas with no significant increases in any particular line item. Debt service, almost all of which is education related, rose by \$60,500 to \$2,942,803 reflecting estimated new interest expense relating to short-term financing for the school projects.

The Board of Education realized its increases in the areas of certified salaries and benefits (\$698 thousand), utilities (\$220 thousand), transportation (\$94 thousand), tuition (\$87 thousand), and text books and library (\$96 thousand). Of the Board increases, the salary and benefit impact was driven by existing contractual agreements, new building maintenance requirements, and the addition of new staff.

All of these factors were considered in preparing the Town of Granby’s budget for the 2006 fiscal year. During the current fiscal year, unreserved fund balance in the general fund increased to \$3,420,529. The Town has appropriated \$207,000 of this amount for spending in the 2006 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2006 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of Granby’s finances for all those with an interest in the government’s operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager or to the Finance Officer, Town of Granby Town Hall, 15 North Granby Road, Granby, CT 06035-2125.

TOWN OF GRANBY, CONNECTICUTSTATEMENT OF NET ASSETS  
JUNE 30, 2005

		GOVERNMENTAL ACTIVITIES
ASSETS:		
	Cash and cash equivalents .....	\$13,238,281
	Receivables, net .....	2,769,589
	Inventory .....	2,217
	Capital assets, net .....	<u>49,724,003</u>
	Total assets .....	<u>65,734,090</u>
LIABILITIES:		
	Accounts and other payables .....	282,939
	Due to Fiduciary Funds .....	344,506
	Bond anticipation notes .....	9,945,000
	Unearned revenue .....	174,624
	Noncurrent liabilities:	
	Due within one year .....	2,534,806
	Due in more than one year .....	<u>19,507,952</u>
	Total liabilities .....	<u>32,789,827</u>
NET ASSETS:		
	Invested in capital assets, net of related debt .....	22,642,784
	Restricted for:	
	Debt service .....	1,122,692
	Trust purposes:	
	Expendable .....	18,865
	Unrestricted .....	<u>9,159,922</u>
	Total net assets .....	<u>\$32,944,263</u>

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

TOWN OF GRANBY, CONNECTICUT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN ..NET ASSETS..
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
					GOVERNMENTAL ACTIVITIES
Governmental activities:					
General government.....	\$ 2,195,708	\$ 715,787	\$ 7,000		\$ (1,472,921)
Public safety.....	2,010,012	275,599	37,947		(1,696,466)
Public works and environment.....	2,949,836	176,544	140,762	\$ 91,800	(2,540,730)
Recreation and social services.....	1,189,469	399,775	172,485		(617,209)
Education.....	24,344,532	1,115,505	5,440,970	3,547,003	(14,241,054)
Interest on long-term debt.....	1,102,035		155,692		(946,343)
Total .....	<u>\$33,791,592</u>	<u>\$2,683,210</u>	<u>\$5,954,856</u>	<u>\$3,638,803</u>	<u>(21,514,723)</u>
General revenues:					
Property taxes .....					25,035,707
Grants and contributions not restricted to specific programs .....					225,564
Unrestricted investment earnings .....					328,701
Miscellaneous .....					<u>226,093</u>
Total general revenues .....					<u>25,816,065</u>
Change in net assets .....					4,301,342
Net assets, July 1, 2004 .....					<u>28,642,921</u>
Net assets, June 30, 2005 .....					<u>\$ 32,944,263</u>

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

TOWN OF GRANBY, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET  
JUNE 30, 2005

	GENERAL	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>A S S E T S</u>				
Cash and cash equivalents .....	\$12,930,162		\$ 180,572	\$ 13,110,734
Receivables (net) .....	2,751,648		17,941	2,769,589
Due from other funds .....	1,138,157	\$5,199,201	3,555,900	9,893,258
Inventories .....			2,217	2,217
TOTAL .....	<u>\$16,819,967</u>	<u>\$5,199,201</u>	<u>\$3,756,630</u>	<u>\$25,775,798</u>
<u>L I A B I L I T I E S A N D F U N D B A L A N C E S</u>				
Liabilities:				
Accounts payable and accrued liabilities .....	\$ 51,345		\$ 20,645	\$ 71,990
Due to other funds .....	10,332,646	\$ 1,113,163	24,995	11,470,804
Deferred revenue .....	2,669,153		124,296	2,793,449
Bond anticipation notes payable .....		9,945,000		9,945,000
Total liabilities .....	<u>13,053,144</u>	<u>11,058,163</u>	<u>169,936</u>	<u>24,281,243</u>
Fund balances (deficit):				
Reserved .....	346,294	4,951,487	1,141,557	6,439,338
Unreserved, reported in:				
General Fund .....	3,420,529			3,420,529
Special Revenue Funds .....			2,445,137	2,445,137
Capital Project Funds .....		(10,810,449)		(10,810,449)
Total fund balances (deficit) .....	<u>3,766,823</u>	<u>(5,858,962)</u>	<u>3,586,694</u>	<u>1,494,555</u>
TOTAL .....	<u>\$16,819,967</u>	<u>\$ 5,199,201</u>	<u>\$3,756,630</u>	

17

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 .....	49,724,003
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds .....	2,618,825
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 .....	1,141,010
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds .....	(22,034,130)
Net assets of governmental activities .....	<u>\$ 32,944,263</u>

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

TOWN OF GRANBY, CONNECTICUT

GOVERNMENTAL FUNDS

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

	GENERAL	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Property taxes .....	\$25,147,468			\$25,147,468
Intergovernmental .....	6,100,306	\$ 3,547,003	\$ 940,661	10,587,970
Licenses, fees and charges for services .....	642,133		1,485,045	2,127,178
Investment income .....	247,190	8,576	46,137	301,903
Other revenues .....	245,843	65,932	29,231	341,006
<b>Total revenues .....</b>	<b>32,382,940</b>	<b>3,621,511</b>	<b>2,501,074</b>	<b>38,505,525</b>
Expenditures:				
Current:				
General government .....	2,059,521		82,742	2,142,263
Public safety .....	1,748,958		180,293	1,929,251
Public works and environment .....	2,421,153		229,235	2,650,388
Recreation and social services .....	550,459		574,590	1,125,049
Education .....	21,629,119		1,286,108	22,915,227
Capital outlay .....		8,648,684		8,648,684
Debt service .....	2,868,545		53,787	2,922,332
<b>Total expenditures .....</b>	<b>31,277,755</b>	<b>8,648,684</b>	<b>2,406,755</b>	<b>42,333,194</b>
Excess (deficiency) of revenues over expenditures .....	1,105,185	(5,027,173)	94,319	(3,827,669)
Other financing sources (uses):				
Transfers in .....	973,081	735,000	1,368,101	3,076,182
Transfers out .....	(1,678,101)	(425,000)	(973,081)	(3,076,182)
Proceeds from capital leases .....		322,500		322,500
Proceeds from refunding bonds .....			9,750,000	9,750,000
Payment to refund bond escrow agent .....			(9,696,213)	(9,696,213)
<b>Total other financing sources (uses) .....</b>	<b>(705,020)</b>	<b>632,500</b>	<b>448,807</b>	<b>376,287</b>
Net change in fund balances .....	400,165	(4,394,673)	543,126	(3,451,382)
Fund balance (deficit), July 1, 2004 .....	3,366,658	(1,461,289)	3,043,568	
Fund balance (deficit), June 30, 2005 .....	<u>\$ 3,766,823</u>	<u>\$ (5,855,962)</u>	<u>\$ 3,586,694</u>	

18

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 outlay exceeded depreciation expense in the current period..... 6,524,972
- Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds..... (515,661)
- 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 exceeded proceeds..... 1,709,990
- 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..... 100,435
- 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)..... (67,012)

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

\$ 4,301,342

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

TOWN OF GRANBY, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS  
JUNE 30, 2005

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	GOVERNMENTAL ACTIVITIES. INTERNAL SERVICE FUND
<hr/>	
ASSETS:	
Cash and cash equivalents .....	\$ 127,547
Due from other funds .....	<u>1,233,040</u>
Total assets .....	<u>1,360,587</u>
LIABILITIES:	
Accounts and other payables .....	3,860
Risk management claims .....	<u>215,717</u>
Total liabilities .....	<u>219,577</u>
NET ASSETS:	
Unrestricted .....	<u><u>\$1,141,010</u></u>

19

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



TOWN OF GRANBY, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2005

	GOVERNMENTAL .ACTIVITIES. INTERNAL SERVICE FUND
Operating revenues:	
Contributions .....	\$2,417,794
Employee contributions .....	652,598
Other .....	<u>30</u>
Total operating revenues .....	<u>3,070,422</u>
Operating expenses:	
Administrative and management fees .....	362,249
Health insurance claims .....	<u>2,801,983</u>
Total operating expenses .....	<u>3,164,232</u>
Operating income (loss) .....	(93,810)
Nonoperating revenue:	
Income on investments .....	<u>26,798</u>
Change in net assets .....	(67,012)
Total net assets, July 1, 2004 .....	<u>1,208,022</u>
Total net assets, June 30, 2005 .....	<u><u>\$1,141,010</u></u>

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

TOWN OF GRANBY, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2005

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
Cash flows from (to) operating activities:	
Cash received from employer and employees .....	\$ 2,693,955
Cash payments to providers of benefits .....	(3,134,966)
Other operating revenues .....	<u>30</u>
Net cash provided (used) by operating activities .....	(440,981)
Cash flows from investing activities:	
Income on investments .....	<u>26,798</u>
Net increase (decrease) in cash and cash equivalents .....	(414,183)
Cash and cash equivalents, July 1, 2004 .....	<u>541,730</u>
Cash and cash equivalents, June 30, 2005 .....	<u>\$ 127,547</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss) .....	\$ (93,810)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Increase (decrease) in accounts payable .....	(628)
Increase (decrease) in risk management claims .....	29,894
(Increase) decrease in due from other funds .....	<u>(376,437)</u>
Net cash provided by operating activities .....	<u>\$(440,981)</u>

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



TOWN OF GRANBY, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2005

	PENSION TRUST FUND	AGENCY FUNDS
ASSETS:		
Cash and cash equivalents .....	\$ 16,396	\$285,852
Investments .....	7,687,026	
Due from other funds .....		344,506
Accounts receivable .....	<u>411,116</u>	<u>          </u>
Total assets .....	8,114,538	<u>\$630,358</u>
LIABILITIES:		
Due to student groups and contractors .....	<u>          </u>	<u>\$630,358</u>
NET ASSETS:		
Held in trust for pension benefits .....	<u>\$8,114,538</u>	

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

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

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Additions:	
Contributions:	
Plan members .....	\$ 177,948
Employer .....	286,552
Other .....	<u>944</u>
Total contribution .....	465,444
Investment income:	
Net appreciation in fair value of investments .....	\$599,625
Interest and dividends .....	<u>60</u>
Total investment income .....	<u>599,685</u>
Total .....	1,065,129
Deductions:	
Benefits .....	161,872
Administration .....	<u>61,393</u>
Total .....	<u>223,265</u>
Net increase .....	841,864
Net assets held in trust for pension benefits, July 1, 2004 .....	<u>7,272,674</u>
Net assets held in trust for pension benefits, June 30, 2005 .....	<u><u>\$8,114,538</u></u>

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

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**TOWN OF GRANBY, CONNECTICUT**

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Granby (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 operates under a Charter as revised in November 2002. The form of government includes an elected Board of Selectmen, consisting of a First Selectman and four other members, an elected seven member Board of Education, and an elected six member Board of Finance.

Generally, the legislative power of the Town is vested with the Board of Selectmen. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of Town offices and agencies, with the exception of the Board of Education, is the responsibility of the Town Manager who is appointed by the Board of Selectmen.

The Board of Finance is responsible for financial and taxation matters as prescribed by Town Charter and Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval. The Town has the power to incur indebtedness by issuing bonds or notes as provided by Town Charter and Connecticut General Statutes.

**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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 is the Town's proprietary fund:

*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 Self Funded Health Insurance Fund is the Town's only internal service fund.

### **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 Public Employee Retirement System.

*Agency Funds* - are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The High School Activity, Middle School Activity, Kelly Lane School Activity, Kearns School Activity, Wells Road School Activity and Contract Security Fund are the Town's agency funds.

### **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 financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk management activities of the Town.

The Pension Trust Fund accounts for the activities of the Town's Pension Plan, 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 fund are charges to customers for services. Operating expenses for the internal service fund include the cost of benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

Investments for the Town, are reported at fair value.

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities 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.

Based upon the annual budget as adopted, the Board of Finance establishes the tax rate to be levied on the taxable property for the ensuing year.

Property taxes are levied in June on all assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property tax bills in excess of \$100 are payable in two installments, July 1 and January 1; and motor vehicle taxes are payable in one installment on July 1. Taxes become delinquent 30 days after the installment is due. Delinquent taxes are billed at least twice a year, with interest at the rate of 1.5 percent per month. In accordance with state law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are normally lien-ed each year prior to June 30 with legal demands and alias warrants used in the collection of personal property and motor vehicle tax bills. Additional property taxes are assessed for motor vehicles registered subsequent to the grand list date through July 31, and are payable in one installment which is due January 1.

Property tax revenues are recorded as receivable on the due date and are recognized as revenues to the extent collected during the fiscal year or collected soon enough thereafter (within sixty days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue in the fund financial statements. Property taxes receivable at June 30, 2005 is stated net of allowance for estimated uncollectible amounts of \$35,000.

The Town levies special assessments for the purpose of financing the construction of sanitary sewers. Such assessments are collectible in installments as provided by the Connecticut General Statutes. Assessment revenues are recognized when they are collected.

#### ***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 or business-type activities 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.

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

<u>Assets</u>	<u>Years</u>
Buildings.....	40-50
Building improvements .....	15-25
Public domain infrastructure.....	30-60
Vehicles .....	3-15
Office equipment .....	5-10
Computer equipment .....	5-10

### ***H. Compensated Absences***

A limited amount of vacation time earned may be accumulated by employees until termination of their employment. Vacation leave is valued using current salary costs, as well as any salary related payments that are directly and incrementally connected with leave payments to employees. Sick leave accruals are also based on current salary costs as well as salary-related payments.

### ***I. Long-Term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type 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 \$22,034,130 difference are as follows:

Bonds payable .....	\$20,592,500
Less: Deferred charge on refunding (to be amortized as interest expenses) .....	(705,000)
Accrued interest payable .....	207,089
Capital leases payable.....	996,057
Compensated absences .....	715,325
Landfill closure.....	136,400
Net pension obligation.....	<u>91,759</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities .....	 <u>\$22,034,130</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 \$6,524,972 difference are as follows:

Capital outlay .....	\$ 8,197,422
Depreciation expense.....	<u>(1,672,450)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	 <u>\$ 6,524,972</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 \$1,709,990 difference are as follows:

Debt issued or incurred:	
Issuance of refunding bonds .....	\$(9,750,000)
Capital lease proceeds.....	(322,500)
Issuance costs of refunding bonds .....	53,787
Principal repayments:	
General obligation debt .....	1,692,500
Capital leases .....	339,990
Payment to escrow agent for refunding .....	<u>9,696,213</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u>\$1,709,990</u>

Another element of that reconciliation states that “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”. The details of this \$100,435 difference are as follows:

Compensated absences.....	\$ 55,295
Accrued interest .....	74,010
Net pension obligation .....	(918)
Landfill closure .....	13,000
Loss on disposal of fixed assets .....	<u>(40,952)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u>\$100,435</u>

### 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

For purposes of preparing the annual budget, the Town Manager compiles preliminary estimates of all departments and agencies, with the exception of the Board of Education, for presentation to the Board of Selectmen. After making such alterations or changes as it deems necessary, the Board of Selectmen presents the compiled budget to the Board of Finance. The Board of Education submits its estimates directly to the Board of Finance.

The Board of Finance may make such revisions to the Selectmen’s and Education budget estimates as it deems desirable, and then holds public hearings and presents a proposed budget to the Annual Town Meeting held on the fourth Monday in April.

Subject to certain restrictions, additional appropriations may be approved by the Board of Finance upon recommendation of the Board of Selectmen and certification on availability of the funds by the Town Manager. In this function, department budget accounts serve as the legal level of control. As a result of additional appropriations during fiscal year 2005, the original General Fund operating budget was increased by \$126,915.

Unencumbered appropriations lapse at the end of the fiscal year except for those in the capital projects and special revenue funds. 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.

Budgets for Special Revenue Funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. In some instances, such budgets comprehend more than one fiscal year or a fiscal period which does not coincide with the Town's fiscal year.

Legal authorization for Capital Projects is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until the purpose for which they are designated is completed.

Expenditures which will exceed the adopted budgets can be made only upon the authority of a supplemental appropriation or an approved budgetary transfer.

**B. Deficit Fund Equity**

The following funds had fund or net asset deficits as of June 30, 2005:

Capital Projects Fund.....	\$5,858,962
Special Revenue Funds:	
Trail Link Fund .....	\$3,914

These deficits will be reduced or eliminated through permanent financing, the receipt of grant funds or future transfers from the General Fund.

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

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

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

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

**A. Cash and Cash Equivalents**

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

Deposits:		
Demand accounts .....		\$10,560,393
Cash equivalents:		
State Short-Term Investment Fund (STIF) .....	417,057	
Financial Investors Trust .....	1,603,772	
Cadre Securities .....	318,555	
MBIA, Inc. – Cooperative Liquid Assets Securities System (CLASS) .....	624,356	
UBS Fiduciary Trust Company .....	<u>16,396</u>	
 TOTAL CASH AND CASH EQUIVALENTS .....		<u>\$13,540,529</u>

**Deposits**

At June 30, 2005 the carrying amount of the Town deposits was \$10,560,393 and the bank balance was \$12,226,789.

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2005 bank balance, \$400,000 was covered by Federal Depository Insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with Federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio. A minimum of \$1,222,679, based on June 30, 2005 deposits, was collateralized (collateral held by the pledging bank’s trust department is not in the Town’s name). The balance of deposits of \$10,604,110 was uninsured and uncollateralized.

**Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2005 the Town’s cash equivalents amounted to \$2,980,136. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor’s</u>	<u>Moody’s Investor Service</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF) .....	AAAm		
Financial Investors Trust.....	AAAm		
Cadre Securities .....	AAAm		
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS) .....	AA	Aaa	AAA
UBS Fiduciary Trust Company* .....			

\*not rated

**B. Investments**

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

<u>Investment Type</u>	<u>Fair Value</u>
Pooled open-end mutual fund accounts:	
UBS Fiduciary Trust Company .....	<u>\$7,687,026</u>

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

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

*Concentration of Credit Risk* –The Town’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the Town’s total investments.

*Custodial Credit Risk* – Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2005, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town’s name.

**5. RECEIVABLES**

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

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Interest.....	\$ 78,196		\$ 78,196
Taxes .....	321,520		321,520
Accounts.....	520		520
Intergovernmental .....	2,386,412	\$17,941	2,404,353
Gross receivables.....	2,786,648	17,941	2,804,589
Less: allowance for uncollectibles .....	(35,000)		(35,000)
Net total receivables .....	<u>\$2,751,648</u>	<u>\$17,941</u>	<u>\$2,769,589</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 (principal and interest) ....	\$ 232,413	
Advanced tax collections .....		\$ 50,328
Grant drawdowns prior to meeting all eligibility requirements ..		124,296
Intergovernmental receivables .....	<u>2,386,412</u>	<u>          </u>
Total deferred/unearned revenue for governmental funds .....	<u>\$2,618,825</u>	<u>\$174,624</u>

## 6. CAPITAL ASSETS

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

### Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land .....	\$ 5,037,810	\$ 206,700		\$ 5,244,510
Construction in progress .....	2,006,283	7,216,278		9,222,561
Total capital assets, not being depreciated ..	<u>7,044,093</u>	<u>7,422,978</u>		<u>14,467,071</u>
Capital assets, being depreciated:				
Buildings and improvements.....	40,785,640			40,785,640
Vehicles and equipment .....	7,558,136	394,857	\$(123,395)	7,829,598
Infrastructure .....	719,860	411,387		1,131,247
Total capital assets being depreciated .....	<u>49,063,636</u>	<u>806,244</u>	<u>(123,395)</u>	<u>49,746,485</u>
Less accumulated depreciation for:				
Buildings and improvements.....	(7,917,586)	(937,859)		(8,855,445)
Vehicles and equipment .....	(4,981,960)	(705,797)	82,443	(5,605,314)
Infrastructure .....		(28,794)		(28,794)
Total accumulated depreciation.....	<u>(12,899,546)</u>	<u>(1,672,450)</u>	<u>82,443</u>	<u>(14,489,553)</u>
Total capital assets, being depreciated, net..	<u>36,164,090</u>	<u>(866,206)</u>	<u>(40,952)</u>	<u>35,256,932</u>
Governmental activities capital assets, net..	<u>\$ 43,208,183</u>	<u>\$ 6,556,772</u>	<u>\$ (40,952)</u>	<u>\$ 49,724,003</u>

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

**Governmental activities:**

General government.....	\$ 45,329
Public safety.....	72,971
Public works and environment.....	148,468
Recreation and social services .....	61,647
Education .....	<u>1,344,035</u>
Total depreciation expense - governmental activities.....	<u>\$1,672,450</u>

The Town has not implemented the retroactive reporting requirements related to infrastructure assets. In accordance with GASB Statement No. 34 the Town has until June 30, 2007 to report previously acquired infrastructure assets.

**Construction Commitments**

The Town has active construction projects as of June 30, 2005. The projects include the Municipal Complex, High School renovations, Kearns classroom addition, Elementary School projects, a bridge program, and repairs to Canton Road. At year end the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Appropriations</u>	<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance June 30, 2005</u>
High School renovations.....	\$22,611,500	\$22,595,425	\$16,075
Kearns classroom addition.....	\$1,645,000	\$1,644,489	\$511
Elementary Schools .....	\$50,000	\$47,399	\$2,601
Bridge program.....	\$200,000	\$152,630	\$47,370
Canton Road .....	\$470,000	\$460,091	\$9,909
Kelley Lane School.....	\$12,120,140	\$845,159	\$11,274,981
Wells Road School.....	\$12,307,080	\$11,667,019	\$640,061

The commitments are being financed through General Fund appropriations, State and Federal grants, and the issuance of general obligation bonds.

**7. INTERFUND RECEIVABLE AND PAYABLE BALANCES**

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2005 is presented below:

<u>Receivable</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund.....	Capital Projects Fund .....	\$1,113,163
General Fund.....	Nonmajor Governmental Funds .....	24,995
Internal Service Fund .....	General Fund .....	1,233,040
Capital Projects Fund .....	General Fund .....	5,199,200
Nonmajor Governmental Funds.....	General Fund .....	3,555,900
Agency Fund.....	General Fund .....	<u>344,506</u>
TOTAL .....		<u>\$11,470,804</u>

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

Interfund transfers:

	.....Transfer In.....			
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
Transfer out:				
Nonmajor Governmental Fund ....	\$973,081			\$ 973,081
General Fund.....		\$735,000	\$ 943,101	1,678,101
Capital Projects Fund.....			425,000	425,000
			<hr/>	
Total transfers out.....	<u>\$973,081</u>	<u>\$735,000</u>	<u>\$1,368,101</u>	<u>\$3,076,182</u>

Transfers are for regular recurring operational transfers.

## 8. LONG-TERM DEBT

### Changes in Long-Term Liabilities

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds .	\$21,580,000	\$ 9,750,000	\$10,737,500	\$20,592,500	\$1,697,500
Less deferred amounts:					
For issuance discounts on refunding .....		(705,000)		(705,000)	
				<hr/>	
Total bonds payable.....	21,580,000	9,045,000	10,737,500	19,887,500	1,697,500
Capital leases .....	1,013,547	322,500	339,990	996,057	336,766
Claims and judgments.....	185,823	2,801,983	2,772,089	215,717	215,717
Compensated absences.....	770,620	237,541	292,836	715,325	271,823
Landfill post closure .....	149,400		13,000	136,400	13,000
Net pension obligation .....	90,841	918		91,759	
				<hr/>	
Governmental activity long-term liabilities .....	<u>\$23,790,231</u>	<u>\$12,407,942</u>	<u>\$14,155,415</u>	<u>\$22,042,758</u>	<u>\$2,534,806</u>

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

<u>Description</u>	<u>Principal Amount</u>
\$1,050,000 – Sewer improvement bonds issued March 1, 1984 and maturing March 1, 2012; interest at 5%.....	\$ 262,500
\$6,000,000 – School improvement bonds issued June 15, 1991 and maturing June 15, 2011; interest from 5.9% to 7.9%.....	1,800,000
\$3,500,000 – School improvement bonds issued April 2, 1992 and maturing April 1, 2011; interest from 6.0% to 6.7%.....	1,150,000
\$9,090,000 – General, school improvement, and refunding bonds issued December 15, 1998 and maturing December 15, 2019; interest from 3.75% to 4.1% .....	4,455,000
\$11,560,000 – School improvement bonds issued February 1, 2000 and maturing February 1, 2020; interest from 5.25% to 7.0% .....	3,175,000
\$9,750,000 – General obligation refunding bonds issued March 24, 2005 and maturing on February 1, 2020; interest rate 3.9% .....	<u>9,750,000</u>
 TOTAL .....	 <u><u>\$20,592,500</u></u>

The following is a schedule of future debt service requirements as of June 30, 2005:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 .....	\$ 1,697,500	\$ 875,779	\$ 2,573,279
2007 .....	1,702,500	842,473	2,544,973
2008 .....	1,707,500	752,585	2,460,085
2009 .....	1,737,500	662,248	2,399,748
2010 .....	1,817,500	570,020	2,387,520
2011 .....	1,677,500	477,923	2,155,423
2012-2016.....	5,967,500	1,516,541	7,484,041
2017-2020.....	<u>4,285,000</u>	<u>386,880</u>	<u>4,671,880</u>
 TOTAL .....	 <u><u>\$20,592,500</u></u>	 <u><u>\$6,084,449</u></u>	 <u><u>\$26,676,949</u></u>

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>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose.....	\$56,649,647	\$13,903,000	\$42,746,647
Schools.....	\$113,299,295	\$32,190,588	\$81,108,707
Sewers.....	\$94,416,079	\$262,500	\$94,153,579
Urban renewal.....	\$81,827,268		\$81,827,268
Pension deficit .....	\$75,532,863		\$75,532,863

The definition of indebtedness includes bonds outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding. School building grants receivable for bond principal of \$2,386,412 are reflected in the computation of net indebtedness.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$176,243,347).



On March 24, 2005, the Town issued \$9,750,000 in General Obligation Bonds with an interest rate of 3.9% to advance refund \$9,045,000 of outstanding General Obligation Bonds with interest rates ranging from 4.40% to 5.80%. The net bond proceeds of \$9,696,213 (after payment of \$53,787 of issuance costs), were used to purchase U.S. Treasury Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds until their call dates. The refunded general obligation bonds are considered to be defeased and the liability for them has been removed from the government-wide statement of net assets. At June 30, 2005, \$9,045,000 bonds outstanding are considered defeased.

The Town advance refunded the general obligation bonds to reduce its total debt service payments by \$480,339 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$440,084.

In prior years, the Town defeased the 1990 General Obligation Bonds by creating a separate irrevocable trust. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore are no longer counted in computing Town's debt for statutory debt limit purposes. As of June 30, 2005, the amount of defeased debt outstanding amounted to \$1,230,000.

## 9. LEASES AND BOND ANTICIPATION NOTES

### Operating Leases

The Town leases various vehicles, equipment and technology under capital lease arrangements. These leases vary in duration through January 2, 2008, and interest rates from 2.60% to 5.65%.

### Capital Leases

A summary of future minimum lease payments required by the lease agreements together with the present value of the net minimum lease payments as of June 30, 2005 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2006.....	\$ 364,905
2007.....	276,645
2008.....	230,109
2009.....	114,318
2010.....	<u>70,439</u>
Total .....	1,056,416
Less amount representing interest.....	<u>(60,359)</u>
TOTAL .....	<u>\$ 996,057</u>

### Bond Anticipation Notes

Notes payable, July 1, 2004 .....	\$ 1,021,000
Notes issued .....	13,445,000
Notes retired.....	<u>(4,521,000)</u>
Notes payable, June 30, 2005.....	<u>\$ 9,945,000</u>

The notes are dated February 16, 2006 with a coupon rate of 3.25% and they mature on August 19, 2004.

## 10. LANDFILL POSTCLOSURE CARE COSTS

The Granby landfill stopped accepting solid waste, except for brush, in 1988. The landfill has been capped and final closing procedures are in the process of being completed as required by the U.S. Department of Environmental Protection adopted regulations, 40 CFR, Part 258 (“Subtitle”).

An authorization was established in the Solid Waste Sanitation Fund for landfill closing costs based on estimates made by the Town Engineer. This fund incurred \$13,000 in expenditures associated with the closing of the landfill for the year June 30, 2005.

The landfill closure obligation of \$136,400 reported in the statement of net assets represents an estimate made by the Town Engineer of the postclosure monitoring costs to be incurred by the Town over the next twenty years.

## 11. RISK MANAGEMENT

The Town is exposed to various risks of loss 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 has chosen to retain the risks for employee insurance coverage. There has been no significant reduction in insurance coverage from the prior year for the categories risk insured commercially. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Town retains the risk associated with employee health insurance (medical and dental claims plus prescription drugs) up to a maximum of \$100,000 per individual claim with an aggregate stop loss estimated at \$3,100,000. As of June 30, 2005, the Town has established a liability of \$215,717 to cover health insurance claims incurred but unreported. This claim liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability were:

	<b>Liability <u>July 1,</u></b>	<b>Current Year Claims and Changes in <u>Estimates</u></b>	<b>Claim <u>Payments</u></b>	<b>Liability <u>June 30,</u></b>
2003-2004	\$138,948	\$2,270,312	\$2,223,437	\$185,823
2004-2005	\$185,823	\$2,801,983	\$2,772,089	\$215,717

## 12. CONTINGENT LIABILITIES

The Town of Granby is a defendant in a number of lawsuits. It is the opinion of management that such pending litigation will not be finally determined so as to result in a judgement or judgements against the Town which would materially affect its financial position.

## 13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

### A. Plan Descriptions

The Town of Granby is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be a part of the Town of Granby’s financial reporting entity and is included in the

Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand alone financial report.

The Town provides retirement benefits through a single employer, contributory, defined benefit plan. All employees of the Town hired prior to age 25 may elect to participate on their date of hire. Bargaining unit employees hired on or after October 1, 2000 may elect to participate after one year of continuous service. Under the plan, for regular certified officers of the police department, the retirement benefit is calculated at 2.5 percent of the average of the annual salaries, including overtime of the 5 calendar years with the highest average multiplied by up to 20 years of service plus 1.5 percent of the average of the annual salaries, including overtime, of the 5 calendar years with the highest average multiplied by in excess of 20 years maximum 10 years of service. For non-union members other than regular certified officers of the police department, the retirement benefit is calculated at 2.0 percent of the average of the annual salaries of the last 5 years immediately prior to retirement multiplied by years of service. Effective June 1, 2000 for Bargaining unit members the retirement benefit is calculated at 2 percent of the average of the annual salaries of any 5 years period producing the highest average prior to retirement multiplied by years of service. Participants are 100 percent vested after 5 years of service. If an employee leaves covered employment before 5 years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by Town ordinance and may be amended. The major features of the plan are as follows:

Normal Retirement Age: Age 62 with 35 years of continuous service (effective July 1, 1994, age 62 and 25 years for a certified police officer) or age 65 regardless of service.

Credited Service: All service from date of participation in the plan until Normal Retirement Date, including all full months of Continuous Service.

Early Retirement: May be elected with the consent of the Board of Selectmen or Education upon completion of at least 15 years of Continuous Service and within 10 years of normal Retirement Date. Effective February 1, 2000, a certified Police Officer may elect early retirement upon completion of 20 years of service and attained age 55. Benefit is calculated as for normal retirement and reduced actuarially.

Late Retirement: With consent of Boards of Selectmen/Education. Benefit accrues until actual Retirement Date.

Disability Retirement: Available on total and permanent disability after 15 years of continuous service and age 50. Benefit is the same as for early retirement.

Death: Before retirement, refund of Participant's contributions plus interest. After retirement, refund of excess, if any, of Participant's accumulated contributions as of his or her retirement date over total of benefits paid.

At July 1, 2003 PERS membership consisted of:

Retirees and beneficiaries currently receiving benefits .....	20
Terminated employees entitled to benefits but not yet receiving them .....	5
Current employees:	
Vested .....	57
Nonvested .....	<u>16</u>
TOTAL.....	<u>98</u>

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

Basis of Accounting: The 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, other than U.S. Government notes and bonds, that represent 5% or more of net assets available for benefits.

**C. Funding Status and Progress**

Certified police officers are required to contribute 6.0% of their salary, including overtime, to the PERS. All other members contribute 5.0% of their gross salary, excluding overtime and any other form of additional compensation. Effective January 1, 2004, bargaining unit employees contribute 4% of salary, including overtime and additional compensation. The Town is required to contribute the remaining amounts necessary to finance coverage. The Town’s annual required contribution for June 30, 2005 was \$286,552 or 8.6% of covered payroll. Benefits and employee contributions may be amended by the Board of Selectmen through ordinance.

**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 .....	\$286,552
Interest on net pension obligation .....	7,267
Adjustment to annual required contribution.....	<u>(6,349)</u>
Annual pension cost .....	287,470
Contributions made .....	<u>286,552</u>
Increase in net pension obligation .....	918
Net pension obligation (asset) beginning of year .....	<u>90,841</u>
Net pension obligation (asset) end of year .....	<u>\$ 91,759</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 .....	14 years, closed
Asset valuation method .....	Adjusted Fair Value
Actuarial assumptions:	
Investment rate of return* .....	8.0% per annum
Projected salary increases .....	4.0% per annum

\*Includes inflation at a rate of 2.5%.

**E. Trend Information**

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
6/30/03	\$299,415	\$147,205	49.2%	\$(58,402)
6/30/04	\$295,669	\$146,426	49.5%	\$90,841
6/30/05	\$287,470	\$286,552	99.7%	\$91,759

**F. Pension Plan Required Supplementary Information**

*Schedule of Funding Progress*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Excess of Assets Over AAL (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Excess as a % of Covered Payroll ((a-b)/c)</b>
7/1/00	\$5,961,773	\$5,593,391	\$368,382	106.6%	\$3,137,227	11.7%
7/1/02	\$6,342,632	\$7,338,622	\$(995,990)	86.4%	\$3,142,265	(31.7)%
7/1/03	\$7,602,992	\$9,239,604	\$(1,636,612)	82.3%	\$3,316,245	(49.4)%

*Schedule of Employer Contributions*

	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/00	\$64,331	231%
6/30/01	\$191,953	59%
6/30/02	\$191,953	78%
6/30/03	\$294,232	50%
6/30/04	\$294,232	50%
6/30/05	\$286,552	100%

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.

**G. Teachers' Retirement**

All Town of Granby Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: (1) attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2005, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$663,297 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.

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TOWN OF GRANBY, CONNECTICUT

GENERAL FUND

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

	.....BUDGETED AMOUNTS.....			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
<u>PROPERTY TAXES</u>				
Current year taxes .....	\$24,079,571	\$24,079,571	\$24,471,521	\$ 391,950
Prior year's taxes .....	185,000	185,000	248,274	63,274
Supplemental motor vehicle .....	275,000	275,000	282,376	7,376
Total .....	24,539,571	24,539,571	25,002,171	462,600
Interest and lien fees .....	100,000	100,000	145,297	45,297
Total property taxes .....	24,639,571	24,639,571	25,147,468	507,897
<u>INTERGOVERNMENTAL REVENUES</u>				
School transportation .....	96,943	96,943	98,458	1,515
Reimbursement of local tax disability exemption .....			552	552
Manufacturing machines and equipment .....	15,000	15,000	18,261	3,261
Elderly tax relief .....	55,000	55,000	69,768	14,768
Education Equalization Grant .....	3,887,140	3,887,140	4,003,649	116,509
School Building Grant - interest and principal .....	594,775	594,775	591,392	(3,383)
Education Services for the Blind .....			15,845	15,845
Excess grant - Special Education .....	80,346	80,346	117,261	36,915
State owned property .....	13,848	13,848	14,775	927
Veterans Exempt Grant .....	3,000	3,000	2,666	(334)
Telephone Grant .....	70,000	70,000	67,633	(2,367)
Boat Grant .....	2,115	2,115	2,115	
Tuition other towns .....	350,912	350,912	328,467	(22,445)
COPS Fast Grant .....	30,000	30,000	34,169	4,169
Pequot Indian Fund .....	35,591	35,591	38,317	2,726
Tax abatement .....	8,900	8,900	11,477	2,577
Other .....	10,000	10,000	52,204	42,204
Total intergovernmental revenues .....	5,253,570	5,253,570	5,467,009	213,439
Investment income .....	135,000	135,000	247,190	112,190
<u>LOCAL REVENUES</u>				
Town Clerk fees .....	160,000	160,000	389,976	229,976
Planning and Zoning .....	10,000	10,000	18,309	8,309
Zoning Board of Appeals .....	1,000	1,000	682	(318)
Building permits and licenses .....	200,000	200,000	232,156	32,156

TOWN OF GRANBY, 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)
Inland wetlands .....	\$ 550	\$ 550	\$ 736	\$ 186
Sale of maps and ordinances .....	200	200	74	(126)
Driveway permits .....	500	500	200	(300)
<b>Total local revenues .....</b>	<b>372,250</b>	<b>372,250</b>	<b>642,133</b>	<b>269,883</b>
<u>OTHER REVENUES</u>				
Snow plowing and grading .....	2,700	2,700	3,219	519
Photocopying .....	1,500	1,500	1,637	137
Rents .....	58,900	58,900	43,189	(15,711)
Contracted building inspection .....	9,600	9,600	9,600	
Police dispatch services .....	23,805	23,805	23,000	(805)
Police photos and records .....	1,000	1,000	651	(349)
Library operations .....	15,000	15,000	21,100	6,100
Miscellaneous .....	20,000	20,000	61,860	41,860
Returned checks fee .....	350	350	360	10
Bulky waste .....	45,000	45,000	60,227	15,227
Pay for participation .....	21,000	21,000	21,000	
Prior year unliquidated encumbrances .....			52,288	52,288
<b>Total other revenues .....</b>	<b>198,855</b>	<b>198,855</b>	<b>298,131</b>	<b>99,276</b>
<u>OTHER FINANCING SOURCES</u>				
Transfers from other funds:				
Cossitt Library .....	45	45	81	36
Capital Nonrecurring expenditures .....	973,000	973,000	973,000	
<b>Total other financing sources .....</b>	<b>973,045</b>	<b>973,045</b>	<b>973,081</b>	<b>36</b>
<b>TOTAL .....</b>	<b><u>\$31,572,291</u></b>	<b><u>\$31,572,291</u></b>	<b>32,775,012</b>	<b><u>\$1,202,721</u></b>
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 .....			633,297	
Cancellation of prior year encumbrances are recognized as budgetary revenue .....			(52,288)	
<b>Total revenues and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV .....</b>			<b><u>\$33,356,021</u></b>	

45



TOWN OF GRANBY, CONNECTICUTGENERAL FUND

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

46

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
<u>GENERAL GOVERNMENT</u>				
General administration .....	\$ 296,804	\$ 298,804	\$ 297,193	\$ 1,611
Legal fees .....	17,000	34,000	32,186	1,814
Fringe benefits .....	1,105,826	1,094,826	840,776	254,050
Town Clerk operations .....	123,577	123,577	123,152	425
Probate .....	855	855	822	33
Contingency .....	20,000	16,000	14,908	1,092
Election services .....	22,220	22,220	21,200	1,020
Boards and commissions .....	43,508	43,508	42,612	896
Revenue collections .....	86,852	86,852	85,653	1,199
Property assessments .....	141,426	141,426	140,786	640
Fiscal management .....	227,957	229,957	228,012	1,945
Insurance .....	231,055	231,055	229,716	1,339
Total general government .....	2,317,080	2,323,080	2,057,016	266,064
<u>PUBLIC SAFETY</u>				
Building inspection .....	122,296	122,296	120,287	2,009
Fire prevention .....	217,300	217,300	213,113	4,187
Civil preparedness .....	800	800	615	185
Health services .....	104,600	104,600	98,780	5,820
Police Department administration .....	242,815	242,815	241,557	1,258
Communications and dispatching .....	236,810	249,810	248,792	1,018
Police operations .....	910,403	874,403	825,814	48,589
Total public safety .....	1,835,024	1,812,024	1,748,958	63,066
<u>PUBLIC WORKS AND ENVIRONMENT</u>				
Public Works administration .....	133,589	133,589	133,013	576
General maintenance .....	592,331	598,331	598,052	279
Solid waste and recycling .....	850,686	850,686	847,873	2,813
Equipment maintenance .....	235,758	252,758	249,802	2,956
Street lights and signals .....	18,870	18,870	15,416	3,454
Planning and engineering services .....	35,695	35,695	33,292	2,403
Building maintenance and Town grounds .....	472,627	472,627	467,968	4,659
Total public works .....	2,339,556	2,362,556	2,345,416	17,140

(Continued) - 1.

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

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
<u>RECREATION AND SOCIAL SERVICES</u>				
Library .....	\$ 373,959	\$ 373,959	\$ 367,430	\$ 6,529
Social services .....	74,653	74,653	73,786	867
Recreation administration .....	73,572	73,572	73,410	162
Senior citizen activities .....	2,100	2,100	2,050	50
Community support services .....	31,485	31,485	28,836	2,649
Total recreation and social services .....	555,769	555,769	545,512	10,257
Debt service .....	2,882,303	2,882,303	2,868,545	13,758
Education .....	21,090,458	21,127,373	21,115,763	11,610
Total budgeted expenditures .....	31,020,190	31,063,105	30,681,210	381,895
<u>OTHER FINANCING USES</u>				
Transfers out:				
Capital Projects Fund .....	655,000	735,000	735,000	
Capital Nonrecurring Expenditure Fund .....	884,816	884,816	884,816	
Dog Fund .....	4,000	4,000	4,000	
Senior Activity Fund .....	18,000	18,000	18,000	
Youth Service Grant Fund .....	32,285	32,285	32,285	
Police Grants .....		4,000	4,000	
Total other financing uses .....	1,594,101	1,678,101	1,678,101	
Total budgeted expenditures and other financing uses .....	<u>\$32,614,291</u>	<u>\$32,741,206</u>	32,359,311	<u>\$381,895</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 .....			633,297	
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 .			(346,294)	
Encumbrances for purchases and commitments ordered in the previous year, that were received and liquidated in the current year, are reported for financial statement reporting purposes .....			309,542	
Total expenditures and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV .....			<u>\$32,955,856</u>	

47

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

	2005	2004
<u>A S S E T S</u>		
Cash and cash equivalents .....	\$12,930,162	\$ 7,341,145
Property taxes receivable, net .....	286,520	319,881
Due from other funds .....	1,138,157	1,874,084
Interest receivable .....	78,196	68,614
Accounts and other receivables .....	520	923
Intergovernmental receivable .....	<u>2,386,412</u>	<u>2,822,112</u>
TOTAL .....	<u>\$16,819,967</u>	<u>\$12,426,759</u>
 <u>L I A B I L I T I E S</u> A N D <u>F U N D E Q U I T Y</u>		
Liabilities:		
Accounts payable and accrued expenses .....	\$ 51,345	\$ 67,977
Due to other funds .....	10,332,646	5,738,029
Deferred revenue .....	2,618,825	3,166,286
Advanced collections .....	<u>50,328</u>	<u>87,809</u>
Total liabilities .....	<u>13,053,144</u>	<u>9,060,101</u>
Fund equity:		
Fund balance:		
Reserved for encumbrances .....	346,294	361,830
Unreserved:		
Designated for subsequent year's budget .....	207,000	1,042,000
Undesignated .....	<u>3,213,529</u>	<u>1,962,828</u>
Total fund balance .....	<u>3,766,823</u>	<u>3,366,658</u>
TOTAL .....	<u>\$16,819,967</u>	<u>\$12,426,759</u>

TOWN OF GRANBY, CONNECTICUT

GENERAL FUND

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

GRAND LIST	UNCOLLECTED TAXES		...LAWFUL CORRECTIONS...		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS	UNCOLLECTED TAXES JUNE 30, 2005
	JULY 1, 2004	CURRENT LEVY	ADDITIONS	DEDUCTIONS				
2003		\$25,178,903	\$160,295	\$392,178		\$24,947,020	\$24,714,282	\$232,738
2002	\$228,593		1,145	3,210	\$ 5,806	220,722	160,830	59,892
2001	84,948			164	5,463	79,321	62,949	16,372
2000	26,549			112	4,067	22,370	15,629	6,741
1999	4,403				2,500	1,903	758	1,145
1998	2,508		20		718	1,810		1,810
1997	1,457					1,457	58	1,399
1996	412					412		412
1991	1,011					1,011		1,011
<b>TOTAL</b>	<u>\$349,881</u>	<u>\$25,178,903</u>	<u>\$161,460</u>	<u>\$395,664</u>	<u>\$18,554</u>	<u>\$25,276,026</u>	<u>24,954,506</u>	<u>\$321,520</u>

49

Interest and lien fees.....	145,297
Suspense collections.....	<u>8,050</u>
Total collections.....	25,107,853
Property taxes receivable considered available:	
June 30, 2004 .....	(44,321)
June 30, 2005 .....	<u>83,936</u>
Total Property Tax Revenue .....	<u>\$25,147,468</u>

TOWN OF GRANBY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET  
JUNE 30, 2005

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

	CAPITAL NONRECURRING EXPENDITURES	DOG FUND	TOWN AID ROAD	SENIOR ACTIVITY	LOCIP	SOLID WASTE SANITATION	SIDEWALK IMPROVEMENT	LOCAL ASSISTANCE	OPEN SPACE
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A S S E T S

Cash and cash equivalents.....									
Due from other governments.....									
Due from other funds.....	\$222,837	\$1,312	\$119,286	\$47,905		\$508,140	\$154,618	\$16,644	\$405,335
Accounts receivable.....									
Inventory.....									
TOTAL.....	<u>\$222,837</u>	<u>\$1,312</u>	<u>\$119,286</u>	<u>\$47,905</u>	<u>\$-0-</u>	<u>\$508,140</u>	<u>\$154,618</u>	<u>\$16,644</u>	<u>\$405,335</u>

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

Liabilities:									
Accounts payable and accrued liabilities...									
Due to other funds.....									
Deferred revenue.....									
Total liabilities .....									
Fund balances (deficit):									
Reserved:									
Trust funds.....									
Debt service.....									
Unreserved:									
Designated.....	\$199,131					\$ 7,842			
Undesignated.....	23,706	\$1,312	\$119,286	\$47,905		500,298	\$154,618	\$16,644	\$405,335
Total fund balances (deficit) .....	<u>222,837</u>	<u>1,312</u>	<u>119,286</u>	<u>47,905</u>		<u>508,140</u>	<u>154,618</u>	<u>16,644</u>	<u>405,335</u>
TOTAL.....	<u>\$222,837</u>	<u>\$1,312</u>	<u>\$119,286</u>	<u>\$47,905</u>	<u>\$-0-</u>	<u>\$508,140</u>	<u>\$154,618</u>	<u>\$16,644</u>	<u>\$405,335</u>

50

TOWN OF GRANBY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2005

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

	POLICE COMMUNITY EDUCATION	PUBLIC SCHOOLS	REVALUATION	SMALL CITIES BLOCK GRANT	POLICE FORFEITED PROPERTY	YOUTH SERVICES GRANT	CAFETERIA	AMBULANCE ASSOCIATION	FEDERAL AND STATE EDUCATIONAL GRANTS
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A S S E T S

Cash and cash equivalents.....		\$79,431		\$22,662			\$28,233		\$ 50,246
Due from other governments.....							4,024		13,917
Due from other funds.....	\$18,825		\$2,766		\$5,123	\$26,797		\$7,436	37,471
Accounts receivable.....									
Inventory.....							2,217		
TOTAL.....	<u>\$18,825</u>	<u>\$79,431</u>	<u>\$2,766</u>	<u>\$22,662</u>	<u>\$5,123</u>	<u>\$26,797</u>	<u>\$34,474</u>	<u>\$7,436</u>	<u>\$101,634</u>

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

Liabilities:

Accounts payable and accrued liabilities...							\$20,645		
Due to other funds.....	\$21,081								
Deferred revenue.....				\$22,662					\$101,634
Total liabilities .....	<u>21,081</u>			<u>22,662</u>			<u>20,645</u>		<u>101,634</u>

Fund balances (deficit):

Reserved:									
Trust funds.....									
Debt service.....									
Unreserved:									
Designated.....									
Undesignated.....	\$18,825	58,350	\$2,766		\$5,123	\$26,797	13,829	\$7,436	
Total fund balances (deficit) .....	<u>18,825</u>	<u>58,350</u>	<u>2,766</u>		<u>5,123</u>	<u>26,797</u>	<u>13,829</u>	<u>7,436</u>	
TOTAL.....	<u>\$18,825</u>	<u>\$79,431</u>	<u>\$2,766</u>	<u>\$22,662</u>	<u>\$5,123</u>	<u>\$26,797</u>	<u>\$34,474</u>	<u>\$7,436</u>	<u>\$101,634</u>

TOWN OF GRANBY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2005

	.....SPECIAL REVENUE.....							
	SEWER UTILITY	COMMUNICATIONS	TEEN INITIATIVE GRANT	POLICE GRANTS	EDUCATION QUALITY AND DIVERSITY	SENIOR CENTER INITIATIVE	CONTRACTOR PAYMENT	GRANBY PUBLIC LIBRARY
<u>A S S E T S</u>								
Cash and cash equivalents.....								
Due from other governments.....								
Due from other funds.....	\$215,734	\$361,724		\$719	\$102,941		\$3,345	\$3,652
Accounts receivable.....								
Inventory.....								
TOTAL.....	<u>\$215,734</u>	<u>\$361,724</u>	<u>\$ - 0 -</u>	<u>\$719</u>	<u>\$102,941</u>	<u>\$ - 0 -</u>	<u>\$3,345</u>	<u>\$3,652</u>
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E S</u>								
Liabilities:								
Accounts payable and accrued liabilities...								
Due to other funds.....								
Deferred revenue.....								
Total liabilities.....								
Fund balances (deficit):								
Reserved:								
Trust funds.....								\$3,652
Debt service.....								
Unreserved:								
Designated.....								
Undesignated.....	\$215,734	\$361,724		\$719	\$102,941		\$3,345	
Total fund balances (deficit).....	<u>215,734</u>	<u>361,724</u>		<u>719</u>	<u>102,941</u>		<u>3,345</u>	<u>3,652</u>
TOTAL.....	<u>\$215,734</u>	<u>\$361,724</u>	<u>\$ - 0 -</u>	<u>\$719</u>	<u>\$102,941</u>	<u>\$ - 0 -</u>	<u>\$3,345</u>	<u>\$3,652</u>

52

TOWN OF GRANBY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2005

.....SPECIAL REVENUE.....						
	PARKS AND RECREATION	PLAYGROUND IMPROVEMENTS	DOG PARK	HISTORIC DOCUMENTS	TRAIL LINK	TOTAL
<u>A S S E T S</u>						
Cash and cash equivalents.....						\$ 180,572
Due from other governments.....						17,941
Due from other funds.....	\$147,670	\$406	\$4,035	\$3,274		2,417,995
Inventory.....						2,217
TOTAL.....	<u>\$147,670</u>	<u>\$406</u>	<u>\$4,035</u>	<u>\$3,274</u>	<u>\$ - 0 -</u>	<u>\$2,618,725</u>
<u>L I A B I L I T I E S</u>						
<u>A N D</u>						
<u>F U N D B A L A N C E S</u>						
Liabilities:						
Accounts payable and accrued liabilities...						\$ 20,645
Due to other funds.....					\$ 3,914	24,995
Deferred revenue.....						124,296
Total liabilities.....					3,914	169,936
Fund balances (deficit):						
Reserved:						
Trust funds.....						3,652
Debt service.....						
Unreserved:						
Designated.....						206,973
Undesignated.....	\$147,670	\$406	\$4,035	\$3,274	(3,914)	2,238,164
Total fund balances (deficit).....	<u>147,670</u>	<u>406</u>	<u>4,035</u>	<u>3,274</u>	<u>(3,914)</u>	<u>2,448,789</u>
TOTAL.....	<u>\$147,670</u>	<u>\$406</u>	<u>\$4,035</u>	<u>\$3,274</u>	<u>\$ - 0 -</u>	<u>\$2,618,725</u>

53



TOWN OF GRANBY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2005

	.....PERMANENT FUND.....				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE	UNIVERSAL CEMETERY	COSSITT LIBRARY	TOTAL	
<u>A S S E T S</u>					
Cash and cash equivalents.....					\$ 180,572
Due from other governments.....					17,941
Due from other funds.....	\$1,122,692	\$10,990	\$4,223	\$15,213	3,555,900
Inventory.....					2,217
TOTAL.....	<u>\$1,122,692</u>	<u>\$10,990</u>	<u>\$4,223</u>	<u>\$15,213</u>	<u>\$3,756,630</u>
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E S</u>					
Liabilities:					
Accounts payable and accrued liabilities...					\$ 20,645
Due to other funds.....					24,995
Deferred revenue.....					124,296
Total liabilities.....					169,936
Fund balances (deficit):					
Reserved:					
Trust funds.....		\$10,990	\$4,223	\$15,213	18,865
Debt service.....	\$1,122,692				1,122,692
Unreserved:					
Designated.....					206,973
Undesignated.....					2,238,164
Total fund balances (deficit).....	<u>1,122,692</u>	<u>10,990</u>	<u>4,223</u>	<u>15,213</u>	<u>3,586,694</u>
TOTAL.....	<u>\$1,122,692</u>	<u>\$10,990</u>	<u>\$4,223</u>	<u>\$15,213</u>	<u>\$3,756,630</u>

54

TOWN OF GRANBY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

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

	.....SPECIAL REVENUE.....								
	CAPITAL NONRECURRING EXPENDITURES	DOG FUND	TOWN AID ROAD	SENIOR ACTIVITY	LOCIP	SOLID WASTE SANITATION	SIDEWALK IMPROVEMENT	LOCAL ASSISTANCE	OPEN SPACE
<b>Revenues:</b>									
Intergovernmental revenues .....			\$ 85,999	\$ 5,021		\$ 50,728	\$ 60,000		
Investment income .....	\$ 4,478					9,429	1,934		\$ 1,346
Contributions .....				1,208		9,855			
Licenses, fees and charges for goods and services .....		\$ 5,647		38,810				\$11,818	
Other .....									800
<b>Total revenues.....</b>	<b>4,478</b>	<b>5,647</b>	<b>85,999</b>	<b>45,039</b>		<b>70,012</b>	<b>61,934</b>	<b>11,818</b>	<b>2,146</b>
<b>Expenditures:</b>									
<b>Current:</b>									
General government .....								18,679	50,000
Public safety .....		13,600							
Public works and environment .....						136,740			
Recreation and social services .....				48,816					
Education .....									
Debt service .....									
<b>Total expenditures.....</b>		<b>13,600</b>		<b>48,816</b>		<b>136,740</b>		<b>18,679</b>	<b>50,000</b>
Excess (deficiency) of revenues over expenditures .....	4,478	(7,953)	85,999	(3,777)		(66,728)	61,934	(6,861)	(47,854)
<b>Other financing sources (uses):</b>									
Transfers in .....	884,816	4,000		18,000					425,000
Transfers out .....	(973,000)								
Proceeds from refunding bonds .....									
Payment to refund bond escrow agent .....									
<b>Total other financing sources (uses).</b>	<b>(88,184)</b>	<b>4,000</b>		<b>18,000</b>					<b>425,000</b>
Net change in fund balances .....	(83,706)	(3,953)	85,999	14,223		(66,728)	61,934	(6,861)	377,146
Fund balance (deficit), July 1, 2004 .....	306,543	5,265	33,287	33,682	\$ - 0 -	574,868	92,684	23,505	28,189
Fund balance (deficit), June 30, 2005 .....	<u>\$ 222,837</u>	<u>\$ 1,312</u>	<u>\$119,286</u>	<u>\$47,905</u>	<u>\$ - 0 -</u>	<u>\$508,140</u>	<u>\$154,618</u>	<u>\$16,644</u>	<u>\$405,335</u>

TOWN OF GRANBY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

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

	.....SPECIAL REVENUE.....								
	POLICE COMMUNITY EDUCATION	PUBLIC SCHOOLS	REVALUATION	SMALL CITIES BLOCK GRANT	POLICE FORFEITED PROPERTY	YOUTH SERVICES GRANT	CAFETERIA	AMBULANCE ASSOCIATION	FEDERAL AND STATE EDUCATIONAL GRANTS
Revenues:									
Intergovernmental revenues .....				\$134,333		\$ 18,010	\$ 23,980		\$462,425
Investment income .....			\$ 52	110	\$ 96				
Contributions .....	\$ 1,815								
Licenses, fees and charges for goods and services .....		\$456,572		13,516		16,034	262,084	\$160,000	
Other .....						2,032	500		
Total revenues.....	1,815	456,572	52	147,959	96	36,076	286,564	160,000	462,425
Expenditures:									
Current:									
General government .....									
Public safety .....	828							155,404	
Public works and environment .....				147,959					
Recreation and social services .....									
Education .....		403,054				64,695	287,161		462,425
Debt service .....									
Total expenditures.....	828	403,054		147,959		64,695	287,161	155,404	462,425
Excess (deficiency) of revenues over expenditures .....	987	53,518	52		96	(28,619)	(597)	4,596	
Other financing sources (uses):									
Transfers in .....						32,285			
Transfers out .....									
Proceeds from refunding bonds .....									
Payment to refund bond escrow agent .....									
Total other financing sources (uses).						32,285			
Net change in fund balances .....	987	53,518	52		96	3,666	(597)	4,596	
Fund balance (deficit), July 1, 2004 .....	17,838	4,832	2,714	- 0 -	5,027	23,131	14,426	2,840	- 0 -
Fund balance (deficit), June 30, 2005 .....	\$18,825	\$ 58,350	\$2,766	\$ - 0 -	\$5,123	\$ 26,797	\$ 13,829	\$ 7,436	\$ - 0 -

56

TOWN OF GRANBY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

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

		.....SPECIAL REVENUE.....							
		SEWER UTILITY	COMMUNICATIONS	TEEN INITIATIVE GRANT	POLICE GRANTS	EDUCATION QUALITY AND DIVERSITY	SENIOR CENTER INITIATIVE	CONTRACTOR PAYMENT	GRANBY PUBLIC LIBRARY
Revenues:									
	Intergovernmental revenues .....			\$ 5,147	\$ 1,963	\$ 86,055			
	Investment income .....	\$ 1,135	\$ 6,174						\$7,310
	Contributions .....								
	Licenses, fees and charges for goods and services .....	98,932	86,301					\$4,167	
	Other .....	144							50
	<b>Total revenues.....</b>	<b>100,211</b>	<b>92,475</b>	<b>5,147</b>	<b>1,963</b>	<b>86,055</b>		<b>4,167</b>	<b>7,360</b>
Expenditures:									
Current:									
	General government .....								7,063
	Public safety .....				10,461				
	Public works and environment .....	92,495							
	Recreation and social services .....			3,282			\$ 14,954		
	Education .....					68,773			
	Debt service .....								
	<b>Total expenditures.....</b>	<b>92,495</b>		<b>3,282</b>	<b>10,461</b>	<b>68,773</b>	<b>14,954</b>		<b>7,063</b>
	Excess (deficiency) of revenues over expenditures .....	7,716	92,475	1,865	(8,498)	17,282	(14,954)	4,167	297
Other financing sources (uses):									
	Transfers in .....				4,000				
	Transfers out .....								
	Proceeds from refunding bonds .....								
	Payment to refund bond escrow agent .....								
	<b>Total other financing sources (uses).</b>				<b>4,000</b>				
	Net change in fund balances .....	7,716	92,475	1,865	(4,498)	17,282	(14,954)	4,167	297
	Fund balance (deficit), July 1, 2004 .....	208,018	269,249	(1,865)	5,217	85,659	14,954	(822)	3,355
	<b>Fund balance (deficit), June 30, 2005 .....</b>	<b>\$215,734</b>	<b>\$361,724</b>	<b>\$ - 0 -</b>	<b>\$ 719</b>	<b>\$102,941</b>	<b>\$ - 0 -</b>	<b>\$3,345</b>	<b>\$3,652</b>

57

TOWN OF GRANBY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

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

.....SPECIAL REVENUE.....						
	PARKS AND RECREATION	PLAYGROUND IMPROVEMENTS	DOG PARK	HISTORIC DOCUMENTS	TRAIL LINK	TOTAL
Revenues:						
Intergovernmental revenues .....				\$ 7,000		\$ 940,661
Investment income .....						24,754
Contributions .....		\$ 1,406	\$4,035			25,629
Licenses, fees and charges for goods and services .....	\$310,315			3,274		1,467,470
Other .....						3,526
Total revenues.....	310,315	1,406	4,035	10,274		2,462,040
Expenditures:						
Current:						
General government .....				7,000		82,742
Public safety .....						180,293
Public works and environment .....						229,235
Recreation and social services .....	305,551	50,114			\$ 3,914	574,590
Education .....						1,286,108
Debt service .....						
Total expenditures.....	305,551	50,114		7,000	3,914	2,352,968
Excess (deficiency) of revenues over expenditures .....	4,764	(48,708)	4,035	3,274	(3,914)	109,072
Other financing sources (uses):						
Transfers in .....						1,368,101
Transfers out .....						(973,000)
Proceeds from refunding bonds .....						
Payment to refund bond escrow agent .....						
Total other financing sources (uses).						395,101
Net change in fund balances .....	4,764	(48,708)	4,035	3,274	(3,914)	504,173
Fund balance (deficit), July 1, 2004 .....	142,906	49,114	- 0 -	- 0 -	- 0 -	1,944,616
Fund balance (deficit), June 30, 2005 .....	\$147,670	\$ 406	\$4,035	\$ 3,274	\$(3,914)	\$2,448,789

58

TOWN OF GRANBY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

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

	.....PERMANENT FUND.....				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE	UNIVERSAL CEMETERY	COSSITT LIBRARY	TOTAL	
<b>Revenues:</b>					
Intergovernmental revenues .....					\$ 940,661
Investment income .....	\$ 21,094	\$ 208	\$ 81	\$ 289	46,137
Contributions .....					25,629
Licenses, fees and charges for goods and services .....	17,575				1,485,045
Other .....	76				3,602
<b>Total revenues.....</b>	<b>38,745</b>	<b>208</b>	<b>81</b>	<b>289</b>	<b>2,501,074</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government .....					82,742
Public safety .....					180,293
Public works and environment .....					229,235
Recreation and social services .....					574,590
Education .....					1,286,108
Debt service .....	53,787				53,787
<b>Total expenditures.....</b>	<b>53,787</b>				<b>2,406,755</b>
Excess (deficiency) of revenues over expenditures .....	(15,042)	208	81	289	94,319
<b>Other financing sources (uses):</b>					
Transfers in .....					1,368,101
Transfers out .....			(81)	(81)	(973,081)
Proceeds from refunding bonds .....	9,750,000				9,750,000
Payment to refund bond escrow agent .....	(9,696,213)				(9,696,213)
<b>Total other financing sources (uses).</b>	<b>53,787</b>		<b>(81)</b>	<b>(81)</b>	<b>448,807</b>
Net change in fund balances .....	38,745	208		208	543,126
Fund balance (deficit), July 1, 2004 .....	1,083,947	10,782	4,223	15,005	3,043,568
Fund balance (deficit), June 30, 2005 .....	<u>\$ 1,122,692</u>	<u>\$10,990</u>	<u>\$4,223</u>	<u>\$15,213</u>	<u>\$ 3,586,694</u>

59

TOWN OF GRANBY, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET  
JUNE 30, 2005

	HIGH SCHOOL ACTIVITY	MIDDLE SCHOOL ACTIVITY	KELLY LANE SCHOOL ACTIVITY	KEARNS SCHOOL ACTIVITY	WELLS ROAD SCHOOL ACTIVITY	CONTRACT SECURITY	TOTAL
<b>ASSETS:</b>							
Cash and cash equivalents .....	\$135,066	\$55,297	\$37,060	\$45,210	\$13,219		\$285,852
Due from other funds .....						\$344,506	344,506
TOTAL.....	<u>\$135,066</u>	<u>\$55,297</u>	<u>\$37,060</u>	<u>\$45,210</u>	<u>\$13,219</u>	<u>\$344,506</u>	<u>\$630,358</u>
<b>LIABILITIES:</b>							
Due to student groups and others .....	\$135,066	\$55,297	\$37,060	\$45,210	\$13,219		\$285,852
Due to contractors .....						\$344,506	344,506
TOTAL.....	<u>\$135,066</u>	<u>\$55,297</u>	<u>\$37,060</u>	<u>\$45,210</u>	<u>\$13,219</u>	<u>\$344,506</u>	<u>\$630,358</u>

TOWN OF GRANBY, CONNECTICUTAGENCY FUNDSCOMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2005

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u>HIGH SCHOOL ACTIVITY FUND</u>				
Assets:				
Cash and cash equivalents	\$81,717	\$327,846	\$274,497	\$135,066
Liabilities:				
Due to student groups and others .....	\$81,717	\$327,846	\$274,497	\$135,066
<u>MIDDLE SCHOOL ACTIVITY FUND</u>				
Assets:				
Cash and cash equivalents	\$57,530	\$204,547	\$206,780	\$55,297
Liabilities:				
Due to student groups and others .....	\$57,530	\$204,547	\$206,780	\$55,297
<u>KELLY LANE SCHOOL ACTIVITY FUND</u>				
Assets:				
Cash and cash equivalents	\$34,651	\$99,538	\$97,129	\$37,060
Liabilities:				
Due to student groups and others .....	\$34,651	\$99,538	\$97,129	\$37,060
<u>KEARNS SCHOOL ACTIVITY FUND</u>				
Assets:				
Cash and cash equivalents	\$37,276	\$38,473	\$30,539	\$45,210
Liabilities:				
Due to student groups and others .....	\$37,276	\$38,473	\$30,539	\$45,210

(Continued) - 1.



TOWN OF GRANBY, CONNECTICUT  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES, ETC.

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u>WELLS ROAD SCHOOL</u>				
<u>ACTIVITY FUND</u>				
Assets:				
Cash and cash equivalents	\$14,227	\$37063	\$38,071	\$13,219
Liabilities:				
Due to student groups and others .....	\$14,227	\$37063	\$38,071	\$13,219
<u>CONTRACT SECURITY</u>				
Assets:				
Due from other funds.....	\$469,850	\$31,538	\$156,882	\$344,506
Liabilities:				
Due to contractors.....	\$469,850	\$31,538	\$156,882	\$344,506
<u>TOTAL ALL FUNDS</u>				
Assets:				
Cash and cash equivalents	\$225,401	\$707,467	\$647,016	\$285,852
Due from other funds.....	469,850	31,538	156,882	344,506
TOTAL .....	\$695,251	\$739,005	\$803,898	\$630,358
Liabilities:				
Due to student groups and others .....	\$225,401	\$707,467	\$647,016	\$285,852
Due to contractors.....	469,850	31,538	156,882	344,506
TOTAL .....	\$695,251	\$739,005	\$803,898	\$630,358

(Concluded) - 2.

TOWN OF GRANBY, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE BY SOURCE  
JUNE 30, 2005

## Governmental funds capital assets:

Land .....	\$ 5,244,510
Buildings and improvements .....	40,785,640
Vehicles and equipment .....	7,829,599
Infrastructure .....	1,131,247
Construction in progress .....	<u>9,222,560</u>
TOTAL .....	<u>\$64,213,556</u>

## Investments in governmental funds capital assets by source:

Capitalized prior to July 1, 2004 .....	\$51,988,269
Capital leases .....	1,077,865
General Fund revenues .....	10,395,762
Contributions .....	<u>751,660</u>
TOTAL .....	<u>\$64,213,556</u>

TOWN OF GRANBY, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE BY FUNCTION AND ACTIVITY  
JUNE 30, 2005

	TOTAL	LAND	BUILDINGS AND IMPROVEMENTS	VEHICLES AND EQUIPMENT	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS
General government.....	\$ 5,736,632	\$4,236,430	\$ 1,340,569	\$ 119,768		\$ 39,865
Public safety.....	1,991,527	22,500	1,536,620	432,407		
Public works and environment..	5,191,339	280,450	822,000	1,697,057	\$1,131,247	1,260,585
Recreation and social services	2,721,235	293,220	2,180,285	247,730		
Education.....	48,572,823	411,910	34,906,166	5,332,637		7,922,110
TOTAL .....	<u>\$64,213,556</u>	<u>\$5,244,510</u>	<u>\$40,785,640</u>	<u>\$7,829,599</u>	<u>\$1,131,247</u>	<u>\$9,222,560</u>

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

	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2004	ADDITIONS	DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2005
General government .....	\$ 5,694,067	\$ 42,565		\$ 5,736,632
Public safety .....	1,983,459	50,806	\$ 42,738	1,991,527
Public works and environment .....	4,476,710	795,286	80,657	5,191,339
Recreation and social services .....	2,671,235	50,000		2,721,235
Education .....	41,282,258	7,290,565		48,572,823
TOTAL .....	<u>\$56,107,729</u>	<u>\$8,229,222</u>	<u>\$123,395</u>	<u>\$64,213,556</u>

TOWN OF GRANBY, CONNECTICUT  
 GOVERNMENT-WIDE EXPENSES BY FUNCTION  
 LAST THREE FISCAL YEARS

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS AND ENVIRONMENT	RECREATION AND SOCIAL SERVICES	EDUCATION	INTEREST ON LONG-TERM DEBT	TOTAL
2003 ...	\$2,308,022	\$1,909,850	\$2,498,419	\$1,260,257	\$21,539,173	\$1,308,628	\$30,824,349
2004 ...	\$2,617,505	\$1,966,836	\$2,546,818	\$1,141,675	\$22,409,637	\$1,254,418	\$31,936,889
2005 ...	\$2,195,708	\$2,010,012	\$2,949,836	\$1,189,469	\$24,344,532	\$1,102,035	\$33,791,592

TOWN OF GRANBY, CONNECTICUT

GOVERNMENT-WIDE REVENUES  
LAST THREE FISCAL YEARS

FISCAL YEAR	.....PROGRAM REVENUES.....			.....GENERAL REVENUES.....				TOTAL
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PROPERTY TAXES	GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PURPOSES	UNRESTRICTED INVESTMENT EARNINGS	OTHER	
2003 .....	\$2,262,597	\$5,815,792	\$1,458,964	\$21,877,212	\$304,320	\$192,452	\$200,687	\$32,112,024
2004 .....	\$2,437,317	\$5,977,784	\$489,399	\$23,440,114	\$263,922	\$125,437	\$133,732	\$32,867,705
2005 .....	\$2,683,210	\$5,954,856	\$3,683,803	\$25,035,707	\$225,564	\$328,701	\$226,093	\$38,092,934

TOWN OF GRANBY, CONNECTICUTGENERAL FUND REVENUES BY SOURCE AND TRANSFERS FROM OTHER FUNDS - GAAP BASIS  
LAST TEN FISCAL YEARS

FISCAL YEAR	PROPERTY TAXES	INTERGOVERNMENTAL	INVESTMENT INCOME	LOCAL REVENUE	OTHER REVENUE	TRANSFERS FROM OTHER FUNDS	TOTALS
1996 . . . . .	\$14,634,482	\$4,169,637	\$344,865	\$276,526	\$211,331	\$ 83,472	\$19,720,313
1997 . . . . .	15,275,877	4,193,027	353,333	251,373	133,448	187,109	20,394,167
1998 . . . . .	16,138,368	4,805,827	397,851	286,548	121,424	272,177	22,022,195
1999 . . . . .	17,175,949	4,989,848	511,621	368,555	147,846	168,751	23,362,570
2000 . . . . .	18,002,396	4,877,467	904,288	364,780	176,744	222	24,325,897
2001 . . . . .	19,024,811	4,998,803	854,399	413,629	143,534	183,118	25,618,294
2002 . . . . .	20,407,035	5,556,700	267,663	464,128	261,437	1,610,013	28,566,976
2003 . . . . .	21,882,254	5,710,350	137,003	549,648	332,428	1,518,145	30,129,828
2004 . . . . .	23,463,675	5,960,145	81,352	674,349	232,188	1,250,045	31,661,754
2005 . . . . .	25,147,468	6,100,306	247,190	642,133	245,843	973,081	33,356,021

TOWN OF GRANBY, CONNECTICUT

GENERAL FUND EXPENDITURES BY FUNCTION AND TRANSFERS TO OTHER FUNDS - GAAP BASIS  
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	RECREATION AND SOCIAL SERVICES	EDUCATION	CAPITAL IMPROVEMENTS	DEBT SERVICE	OTHER	TRANSFERS TO OTHER FUNDS	TOTALS
1996 . . . . .	\$1,482,780	\$1,165,657	\$1,787,773	\$418,608	\$12,397,180	\$156,287	\$1,933,822		\$ 303,838	\$19,645,945
1997 . . . . .	1,507,297	1,176,005	1,579,668	375,342	12,789,344	192,103	1,760,538	\$4,593	733,822	20,118,712
1998 . . . . .	1,534,554	1,313,515	1,682,860	414,730	13,955,996		1,797,151		1,835,709	22,534,515
1999 . . . . .	1,589,853	1,332,002	1,690,602	433,336	14,648,327		1,928,203		1,140,547	22,762,870
2000 . . . . .	1,570,737	1,421,467	1,802,306	457,264	15,526,655		1,499,045		1,352,266	23,629,740
2001 . . . . .	1,692,286	1,455,460	1,896,088	483,790	16,556,838		1,992,588		2,307,477	26,384,527
2002 . . . . .	1,780,209	1,450,099	1,928,552	463,994	17,932,938		2,468,462		1,515,015	27,539,269
2003 . . . . .	2,056,282	1,673,753	2,149,952	533,024	19,464,353		3,044,474		1,588,966	30,510,804
2004 . . . . .	2,384,363	1,715,129	2,187,345	521,473	20,560,202		2,946,400		1,565,711	31,880,623
2005 . . . . .	2,059,521	1,748,958	2,421,153	550,459	21,629,119		2,868,545		1,678,101	32,955,856



TOWN OF GRANBY, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

FISCAL YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTED	TOTAL TAX COLLECTED	TOTAL COLLECTIONS AS PERCENT OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES	OUTSTANDING DELINQUENT TAXES AS A PERCENT OF CURRENT LEVY
1996 . . . . .	\$14,504,463	\$13,988,427	96.44%	\$430,554	\$14,418,981	99.41%	\$265,144	1.83%
1997 . . . . .	15,234,695	14,725,850	96.66%	379,059	15,104,909	99.15%	285,823	1.88%
1998 . . . . .	15,932,657	15,578,345	97.78%	373,277	15,951,622	100.12%	299,698	1.88%
1999 . . . . .	17,023,286	16,629,138	97.70%	417,969	17,047,107	100.14%	202,436	1.19%
2000 . . . . .	17,986,571	17,528,642	97.50%	302,182	17,830,824	99.13%	125,118	0.70%
2001 . . . . .	19,104,390	18,682,393	97.80%	219,273	18,901,666	98.94%	112,743	0.59%
2002 . . . . .	20,546,761	20,118,778	97.92%	204,773	20,323,551	98.91%	139,441	0.68%
2003 . . . . .	21,818,221	21,551,982	98.78%	158,076	21,710,058	99.50%	133,612	0.61%
2004 . . . . .	23,525,883	23,112,573	98.24%	261,187	23,373,760	99.35%	349,881	1.49%
2005 . . . . .	25,178,903	24,714,282	98.15%	240,224	24,954,506	99.11%	321,520	1.28%

TOWN OF GRANBY, CONNECTICUT

PROPERTY TAX ASSESSMENTS AND RATES  
LAST TEN FISCAL YEARS

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	MOTOR VEHICLE	TOTALS	PROPERTY TAX RATES (MILLS)
1996.....	\$512,154,060	\$ 7,424,697	\$48,332,016	\$567,910,773	25.54
1997.....	523,545,020	7,954,510	54,087,167	585,586,697	26.02
1998.....	532,837,630	7,715,200	56,878,074	597,430,904	26.90
1999.....	544,819,320	8,103,210	50,826,930	603,749,460	27.81
2000.....	472,065,440	9,294,890	64,937,556	546,297,886	29.83
2001.....	475,166,490	11,125,110	61,985,230	548,276,830	34.46
2002.....	491,991,820	12,184,180	64,907,030	569,083,030	35.74
2003.....	504,903,620	11,701,910	66,935,010	583,540,540	37.06
2004.....	678,637,810	12,896,370	70,033,360	761,567,540	30.6
2005.....	696,301,200	14,112,160	68,051,530	778,464,890	31.97

TOWN OF GRANBY, CONNECTICUT

STATEMENT OF DEBT LIMITATION  
JUNE 30, 2005

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Total tax collections (including interest and lien fees) for year ended June 30, 2005 .....	\$25,107,853
Reimbursements for revenue loss for the year ended June 30, 2005: Tax Relief for Elderly .....	<u>69,768</u>
BASE .....	<u>\$25,177,621</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 .....	\$56,649,647				
4-1/2 times base .....		\$113,299,295			
3-3/4 times base .....			\$94,416,079		
3-1/4 times base .....				\$81,827,268	
3 times base .....					<u>\$75,532,863</u>
Total debt limitation .....	<u>56,649,647</u>	<u>113,299,295</u>	<u>94,416,079</u>	<u>81,827,268</u>	<u>75,532,863</u>

Indebtedness:					
Bonds and notes payable	13,903,000	16,372,000	262,500		
Bonds authorized unissued .....		18,205,000			
School building grants receivable .....		<u>(2,386,412)</u>			
Total indebtedness .....	<u>13,903,000</u>	<u>32,190,588</u>	<u>262,500</u>		

Debt limitation in excess of outstanding and authorized debt ...	<u>\$42,746,647</u>	<u>\$ 81,108,707</u>	<u>\$94,153,579</u>	<u>\$81,827,268</u>	<u>\$75,532,863</u>
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Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation base - \$176,243,347.