

INDEPENDENT AUDITOR'S REPORT

The Brattleboro Selectboard
Town of Brattleboro, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Brattleboro, Vermont (the Town) as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 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 opinion.

As described in Note 1, the Town has implemented a new financial reporting model for 2004. The model is required to conform with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

However, the Town has not recorded capital assets used in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets be recorded and depreciated, which would increase the assets and expenses of the governmental activities. Also, some Parking Fund capital assets and related depreciation have not been recorded. The total amounts of net capital assets and depreciation expense that should be recorded in governmental activities of the government-wide financial statements and in the Parking Fund financial statements are not known.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Town of Brattleboro, Vermont as of June 30, 2004, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, except for the omission of certain Parking Fund capital assets and depreciation described above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brattleboro, Vermont as of June 30, 2004 and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2005 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the GASB. 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 supplementary information contained in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Mudgett, Bennett &
Krogh-Wisner, P.C.*

Montpelier, Vermont
January 21, 2005

TOWN OF BRATTLEBORO, VERMONT

FINANCIAL STATEMENTS

JUNE 30, 2004

AND

INDEPENDENT AUDITOR'S REPORT

TOWN OF BRATTLEBORO, VERMONT

JUNE 30, 2004

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INDEPENDENT AUDITOR'S REPORT

The Brattleboro Selectboard
Town of Brattleboro, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Brattleboro, Vermont (the Town) as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 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 opinion.

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In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Town of Brattleboro, Vermont as of June 30, 2004, and the changes in financial position thereof for the year then ended.

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In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2005 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 4 is not a required part of the basic financial statements but is supplementary information required by the GASB. 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 supplementary information contained in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Montpelier, Vermont
January 21, 2005

Mudgett, Jennette E.
Krogh-Wisner, P.C.

TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004

This discussion and analysis is intended to serve as an introduction of the Town of Brattleboro's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Financial Statements

The accompanying financial statements for the year ended June 30, 2004 are more extensive than in prior years as the Town has implemented the required financial statements of the new reporting model of Governmental Accounting Standards Board Statement #34. The implementation of the GASB 34 model requires two separate presentations of financial statements. New government-wide financial statements (the Statement of Net Assets and the Statement of Activities) present the financial picture of the Town from the "economic resources" measurement focus using the accrual basis of accounting. The Statement of Net Assets should include all assets of the Town, including capital assets net of depreciation, and all liabilities, including long-term debt, with the difference between the two reported as net assets. These 2004 financial statements do not include the capital assets and depreciation associated with the governmental activities. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities focuses on the programs of the Town and presents information showing how the Town's net assets changed during the year.

Both of the government-wide financial statements distinguish functions of the Town 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 fund financial statements include statements that present activities by fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds primarily focus on near-term inflows and outflows of spendable resources and their balance at the end of the fiscal year. The Town's main governmental fund is the General Fund. Other governmental funds are presented in the governmental funds financial statements and schedules.

The proprietary funds of the Town are enterprise funds; they report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the proprietary funds to account for the resources and operation of the Utilities (water and sewer) Fund and the Parking Fund.

The Town also reports fiduciary funds, but does not include the fiduciary balances and activity in the government-wide financial statements.

Government-wide Financial Analysis

The Statement of Net Assets shows total recorded assets of the Town as of June 30, 2004 are \$37,406,372. Of this total \$7,218,324 or 19% are current assets. Noncurrent assets are the net capital assets of the proprietary funds, including utilities systems, buildings and improvements, machinery and equipment, and certain parking lots. The net capital assets used for governmental activities have not been included in the 2004 Statement of Net Assets. The Town plans to complete its inventory and valuation of governmental capital assets and include them in future years. The liabilities of the Town totaled \$8,711,693 including \$841,679 in accounts payable, \$712,561 in deferred revenue and \$5,981,760 in debt.

The Statement of Activities reports total operating expenses for 2004 of \$30,107,053. This includes all fund expenditures, but excludes debt principal payments and capital asset purchases. Depreciation of capital assets of the proprietary funds is included with business-type expenses; in future years, the Town plans to include depreciation of governmental capital assets with the expenses of governmental activities. Certain revenues (labeled Program Revenues) offset expenses as they relate to specific programs, such as State and Federal grants or fees charged for specific services.

General revenues, mainly property taxes, totaled \$23,503,173. Revenues exceeded expenses, increasing net assets by \$482,625. At year-end, net assets totaled \$28,694,679.

Financial Analysis of the Town's Funds

Governmental Funds:

At June 30, 2004, the Town's governmental funds reported combined ending fund balances of \$3,038,932, a decrease of \$306,354 in comparison with the prior year. Of the fund balances, \$274,053 constitutes unreserved and undesignated fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is reserved or designated for the purposes described in Note 6.

The assets and liabilities of the General Fund are consistent with prior years. General Fund revenue and expenditures do vary from the operating budget, as shown on the Statement of Revenue and Expenditures - Budget and Actual - General Fund.

Proprietary Funds:

Net assets of the proprietary funds at year end were \$26,378,975 and the total growth in net assets for the year was \$715,831. Cash held by the funds decreased by \$3,745,445 due to completion of the Transportation Center construction project. The funds' operating assets and liabilities are consistent with prior years. Operating revenues, expenses and cash flows are consistent with the prior year.

TOWN OF BRATTLEBORO, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents (Note 2)	\$ 1,890,789	\$ 843,015	\$ 2,733,804
Investments (Note 2)	795,014	-	795,014
Receivables:			
Property taxes	538,205	-	538,205
Loans net of allowance of \$434,730 in the SBAP loan fund	712,031	112,387	824,418
Accounts	388,530	864,685	1,253,215
Due from other funds (Note 7)	938,035	-	938,035
Inventory	35,101	100,532	135,633
Total current assets	<u>5,297,705</u>	<u>1,920,619</u>	<u>7,218,324</u>
Noncurrent assets -			
Capital assets (Note 3)	-	44,191,411	44,191,411
less - accumulated depreciation	<u>-</u>	<u>(14,003,363)</u>	<u>(14,003,363)</u>
Total noncurrent assets	<u>-</u>	<u>30,188,048</u>	<u>30,188,048</u>
Total assets	<u>5,297,705</u>	<u>32,108,667</u>	<u>37,406,372</u>
LIABILITIES:			
Current liabilities -			
Warrants and accounts payable	505,823	335,856	841,679
Accrued liabilities:			
Payroll	57,489	10,912	68,401
Compensated absences	76,755	65,386	142,141
Other	-	22,981	22,981
Due to other funds	491,613	450,557	942,170
Deferred revenue	698,561	14,000	712,561
Current portion of long-term debt	243,417	470,000	713,417
Total current liabilities	<u>2,073,658</u>	<u>1,369,692</u>	<u>3,443,350</u>
Noncurrent liabilities -			
Long-term debt (Note 5)	908,343	4,360,000	5,268,343
Total noncurrent liabilities	<u>908,343</u>	<u>4,360,000</u>	<u>5,268,343</u>
Total liabilities	<u>2,982,001</u>	<u>5,729,692</u>	<u>8,711,693</u>
NET ASSETS:			
Invested in capital assets, net of related debt	-	25,358,048	25,358,048
Restricted	2,294,951	932,226	3,227,177
Unrestricted	20,753	88,701	109,454
Total net assets	<u>\$ 2,315,704</u>	<u>\$ 26,378,975</u>	<u>\$ 28,694,679</u>

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
FUNCTIONS/PROGRAMS:							
Governmental activities -							
Town government	\$ 11,082,712	\$ 1,423,554	\$ 1,391,529	\$ -	\$ (8,267,629)	\$ -	\$ (8,267,629)
Education appropriation	14,665,705	-	-	-	(14,665,705)	-	(14,665,705)
Capital outlay	987,744	-	-	-	(987,744)	-	(987,744)
Total governmental activities	26,736,161	1,423,554	1,391,529	-	(23,921,078)	-	(23,921,078)
Business-type activities -							
Utilities	2,791,718	101,990	2,291,253	41,166	-	(357,309)	(357,309)
Parking	579,174	1,414,637	422,376	-	-	1,257,839	1,257,839
Total business-type activities	3,370,892	1,516,627	2,713,629	41,166	-	900,530	900,530
	\$ 30,107,053	\$ 2,940,181	\$ 4,105,158	\$ 41,166	(23,921,078)	900,530	(23,020,548)
GENERAL REVENUES - PROPERTY TAXES					23,435,542	-	23,435,542
- INVESTMENT INCOME					50,530	17,101	67,631
- TRANSFERS					201,800	(201,800)	-
					23,687,872	(184,699)	23,503,173
CHANGE IN NET ASSETS					(233,206)	715,831	482,625
NET ASSETS, July 1, 2003					2,548,910	25,663,144	28,212,054
NET ASSETS, June 30, 2004					\$ 2,315,704	\$ 26,378,975	\$ 28,694,679

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2004
(Page 1 of 2)

	<u>General Fund</u>	<u>SBAP Loan Fund</u>	<u>UDAG Holstein Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents (Note 2)	\$ 836,207	\$ 788,402	\$ -	\$ 266,180	\$ 1,890,789
Investments (Note 2)	-	-	795,014	-	795,014
Receivables - Property taxes	538,205	-	-	-	538,205
- Loans net of allowance of \$434,730 in the SBAP loan fund	-	659,406	-	52,625	712,031
- Accounts	42,835	-	-	345,695	388,530
Due from other funds (Note 7)	715,201	2,000	-	220,834	938,035
Inventory	<u>35,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,101</u>
Total assets	\$ <u>2,167,549</u>	\$ <u>1,449,808</u>	\$ <u>795,014</u>	\$ <u>885,334</u>	\$ <u>5,297,705</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Warrants and accounts payable	\$ 407,987	\$ 635	\$ -	\$ 97,201	\$ 505,823
Accrued liabilities - Payroll	57,489	-	-	-	57,489
- Compensated absences (Note 4)	76,755	-	-	-	76,755
Due to other funds (Note 7)	224,970	4,299	-	262,344	491,613
Deferred revenue	<u>440,950</u>	<u>449,193</u>	<u>-</u>	<u>236,950</u>	<u>1,127,093</u>
Total liabilities	<u>1,208,151</u>	<u>454,127</u>	<u>-</u>	<u>596,495</u>	<u>2,258,773</u>
COMMITMENTS AND CONTINGENCIES					
(Notes 9 and 10)					

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2004
(Page 2 of 2)

	General <u>Fund</u>	SBAP Loan <u>Fund</u>	UDAG Holstein <u>Fund</u>	Other Governmental <u>Funds</u>	Totals Governmental <u>Funds</u>
FUND EQUITY:					
Reserved for restricted purpose	215,417	995,681	795,014	288,839	2,294,951
Unreserved - Designated	469,928	-	-	-	469,928
- Undesignated	<u>274,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,053</u>
Total fund equity	<u>959,398</u>	<u>995,681</u>	<u>795,014</u>	<u>288,839</u>	<u>3,038,932</u>
Total liabilities and fund equity	\$ <u>2,167,549</u>	\$ <u>1,449,808</u>	\$ <u>795,014</u>	\$ <u>885,334</u>	\$ <u>5,297,705</u>

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS:

Amount reported on Balance Sheet - Governmental Funds - total fund equity	\$ 3,038,932
Amounts reported for governmental activities in the Government-wide Statement of Net Assets are different because -	
Deferred taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	428,532
Liabilities not due and payable in the year are not reported in the governmental funds.	
Long-term debt - current	(243,417)
Long-term debt - noncurrent	<u>(908,343)</u>
Net Assets of Governmental Activities - Government-wide Statement of Net Assets	\$ <u>2,315,704</u>

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

(Page 1 of 2)

	General Fund	SBAP Loan Fund	UDAG Holstein Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:					
Property taxes	\$ 23,455,121	\$ -	\$ -	\$ -	\$ 23,455,121
Licenses and permits	168,475	-	-	-	168,475
Investment income	9,645	37,397	-	3,488	50,530
Intergovernmental	365,055	-	-	1,035,068	1,400,123
Departmental and other revenue	787,100	208,496	-	227,458	1,223,054
Contributions	1,400	-	-	22,031	23,431
Total revenues	<u>24,786,796</u>	<u>245,893</u>	<u>-</u>	<u>1,288,045</u>	<u>26,320,734</u>
EXPENDITURES:					
Current -					
General government	1,410,720	-	-	201,728	1,612,448
Auxiliary services	349,947	-	-	-	349,947
Public safety	2,968,177	-	-	234,749	3,202,926
Public works	1,091,925	-	-	-	1,091,925
Culture and recreation	1,246,008	-	-	-	1,246,008
Education appropriation	14,665,705	-	-	-	14,665,705
Health and welfare	801,688	-	-	-	801,688
Pension and benefits (Note 4)	1,733,187	-	-	-	1,733,187
Miscellaneous	216,673	87,813	-	631,767	936,253
Net decrease in market value of investments	-	-	64,296	-	64,296
Capital outlay	845,453	-	-	142,291	987,744
Debt service - Principal	276,427	-	-	-	276,427
- Interest	44,034	-	-	-	44,034
Total expenditures	<u>25,649,944</u>	<u>87,813</u>	<u>64,296</u>	<u>1,210,535</u>	<u>27,012,588</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>(863,148)</u>	<u>158,080</u>	<u>(64,296)</u>	<u>77,510</u>	<u>(691,854)</u>

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

(Page 2 of 2)

	<u>General Fund</u>	<u>SBAP Loan Fund</u>	<u>UDAG Holstein Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	183,700	-	-	-	183,700
Operating transfers in (out), net (Note 8)	<u>196,800</u>	<u>(10,000)</u>	<u>-</u>	<u>15,000</u>	<u>201,800</u>
Total other financing sources (uses)	<u>380,500</u>	<u>(10,000)</u>	<u>-</u>	<u>15,000</u>	<u>385,500</u>
NET CHANGE IN FUND BALANCES	(482,648)	148,080	(64,296)	92,510	(306,354)
FUND BALANCES, July 1, 2003	<u>1,442,046</u>	<u>847,601</u>	<u>859,310</u>	<u>196,329</u>	<u>3,345,286</u>
FUND BALANCES, June 30, 2004	\$ <u>959,398</u>	\$ <u>995,681</u>	\$ <u>795,014</u>	\$ <u>288,839</u>	\$ <u>3,038,932</u>

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:

Net change in fund balances - total Governmental Funds	\$ (306,354)
Amounts reported for governmental activities in the Government-wide Statement of Activities are different because -	
Property tax revenue in governmental funds includes deferred revenue of the prior year but excludes deferred revenue of the current year as taxes uncollected within 60 days are unavailable at year end.	
Prior year	(448,111)
Current year	428,532
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.	
Proceeds from borrowing	(183,700)
Debt service - principal	<u>276,427</u>
Change in Net Assets of Governmental Activities - Government-wide Statement of Activities	\$ <u>(233,206)</u>

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes, Town	\$ 8,684,463	\$ 8,789,416	\$ 104,953
Licenses and permits	134,500	168,475	33,975
Investment income	32,000	9,645	(22,355)
Intergovernmental	284,200	365,055	80,855
Departmental and other revenue	738,800	788,500	49,700
	<u>9,873,963</u>	<u>10,121,091</u>	<u>247,128</u>
Budgeted revenues			
Property taxes, schools	-	14,665,705	14,665,705
Total revenues	<u>9,873,963</u>	<u>24,786,796</u>	<u>14,912,833</u>
EXPENDITURES:			
Administration -			
Town Manager	171,223	153,535	17,688
Finance	271,480	282,146	(10,666)
Town Clerk	145,388	146,805	(1,417)
Listers	144,741	211,657	(66,916)
Miscellaneous general	120,692	107,139	13,553
Risk management	235,939	288,935	(52,996)
Planning	158,293	155,120	3,173
Town Attorney	84,000	82,511	1,489
Employee benefits	1,520,500	1,733,187	(212,687)
Debt service	409,673	320,460	89,213
Auxiliary services	383,544	349,947	33,597
Library	475,788	462,075	13,713
Fire Department	1,183,132	1,363,214	(180,082)
Nursing	48,030	48,030	-
Public health	666,326	753,658	(87,332)
Municipal center	160,738	119,240	41,498
Police Department	1,831,026	1,822,422	8,604
Public Works	1,538,937	1,662,442	(123,505)
State and County	101,865	96,913	4,952
Recreation	773,648	824,803	(51,155)
	<u>10,424,963</u>	<u>10,984,239</u>	<u>(559,276)</u>
Budgeted expenditures			
Education appropriation	-	14,665,705	(14,665,705)
Total expenditures	<u>10,424,963</u>	<u>25,649,944</u>	<u>(15,224,981)</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(551,000)</u>	<u>(863,148)</u>	<u>(312,148)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds of notes	-	183,700	183,700
Operating transfers in	201,000	201,800	800
Operating transfers out	-	(5,000)	(5,000)
Total other financing sources (uses)	<u>201,000</u>	<u>380,500</u>	<u>179,500</u>
NET CHANGE IN FUND BALANCES	\$ <u>(350,000)</u>	\$ <u>(482,648)</u>	\$ <u>(132,648)</u>

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2004

	<u>Utilities Fund</u>	<u>Parking Fund</u>	<u>Totals Proprietary Funds</u>
ASSETS:			
Current assets -			
Cash and cash equivalents (Note 2)	\$ 721,625	\$ 121,390	\$ 843,015
Accounts receivable:			
Water and sewer rents, less allowance for uncollectibles of \$10,000	864,685	-	864,685
Notes receivable - General Fund	112,387	-	112,387
Inventory	100,532	-	100,532
Total current assets	<u>1,799,229</u>	<u>121,390</u>	<u>1,920,619</u>
Noncurrent assets -			
Capital assets (Note 3)	33,693,397	10,498,014	44,191,411
less - accumulated depreciation	<u>(13,787,446)</u>	<u>(215,917)</u>	<u>(14,003,363)</u>
Total noncurrent assets	<u>19,905,951</u>	<u>10,282,097</u>	<u>30,188,048</u>
Total assets	<u>21,705,180</u>	<u>10,403,487</u>	<u>32,108,667</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	64,274	271,582	335,856
Accrued liabilities:			
Payroll	9,952	960	10,912
Compensated absences	62,510	2,876	65,386
Other	5,649	17,332	22,981
Due to other funds	103,577	346,980	450,557
Deferred revenue	14,000	-	14,000
Current portion of long-term debt	260,000	210,000	470,000
Total current liabilities	<u>519,962</u>	<u>849,730</u>	<u>1,369,692</u>
Noncurrent liabilities -			
Long-term debt (Note 5)	1,130,000	3,230,000	4,360,000
Total noncurrent liabilities	<u>1,130,000</u>	<u>3,230,000</u>	<u>4,360,000</u>
Total liabilities	<u>1,649,962</u>	<u>4,079,730</u>	<u>5,729,692</u>
NET ASSETS:			
Invested in capital assets, net of related debt	18,515,951	6,842,097	25,358,048
Restricted	932,226	-	932,226
Unrestricted	607,041	(518,340)	88,701
Total net assets	<u>\$ 20,055,218</u>	<u>\$ 6,323,757</u>	<u>\$ 26,378,975</u>

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Utilities <u>Fund</u>	Parking <u>Fund</u>	Totals Proprietary <u>Funds</u>
OPERATING REVENUES:			
Charges for services	\$ 2,291,253	\$ 422,376	\$ 2,713,629
Intergovernmental	8,000	-	8,000
Interest and penalties	21,076	-	21,076
Miscellaneous	<u>20,090</u>	<u>-</u>	<u>20,090</u>
Total operating revenues	<u>2,340,419</u>	<u>422,376</u>	<u>2,762,795</u>
OPERATING EXPENSES:			
Personnel services	1,234,598	116,227	1,350,825
Contractual services	112,886	32,370	145,256
Supplies and materials	93,242	15,127	108,369
Distribution and storage	11,247	-	11,247
Maintenance	252,655	85,562	338,217
Heat, light and power	249,922	18,515	268,437
Depreciation	749,790	125,144	874,934
Miscellaneous	<u>23,273</u>	<u>4,528</u>	<u>27,801</u>
Total operating expenditures	<u>2,727,613</u>	<u>397,473</u>	<u>3,125,086</u>
Operating income (loss)	<u>(387,194)</u>	<u>24,903</u>	<u>(362,291)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	15,762	1,339	17,101
Interest expense	<u>(64,105)</u>	<u>(181,701)</u>	<u>(245,806)</u>
Total nonoperating revenues (expenses)	<u>(48,343)</u>	<u>(180,362)</u>	<u>(228,705)</u>
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS			
	(435,537)	(155,459)	(590,996)
Capital contributions	93,990	1,414,637	1,508,627
Operating transfers out (Note 8)	<u>(170,000)</u>	<u>(31,800)</u>	<u>(201,800)</u>
CHANGE IN NET ASSETS	(511,547)	1,227,378	715,831
NET ASSETS, July 1, 2003	<u>20,566,765</u>	<u>5,096,379</u>	<u>25,663,144</u>
NET ASSETS, June 30, 2004	\$ <u>20,055,218</u>	\$ <u>6,323,757</u>	\$ <u>26,378,975</u>

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

(Page 1 of 2)

	Utilities Fund	Parking Fund	Totals Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 2,227,300	\$ 422,376	\$ 2,649,676
Cash paid to suppliers for goods and services	(771,986)	(156,102)	(928,088)
Cash payments to employees for services	(1,255,643)	(117,964)	(1,373,607)
Net cash provided (used) by operating activities	<u>199,671</u>	<u>148,310</u>	<u>347,981</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends on investments	<u>15,762</u>	<u>1,339</u>	<u>17,101</u>
Net cash provided (used) by investing activities	<u>15,762</u>	<u>1,339</u>	<u>17,101</u>
CASH FLOWS FROM NONCAPITAL FINANCING FINANCING ACTIVITIES:			
Payment from SBAP Fund	50,000	-	50,000
Payments from General Fund loan	131,426	-	131,426
Operating transfer from (to) other funds	<u>(170,000)</u>	<u>(31,800)</u>	<u>(201,800)</u>
Net cash provided (used) by noncapital financing activities	<u>11,426</u>	<u>(31,800)</u>	<u>(20,374)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(504,298)	(4,624,688)	(5,128,986)
Contributed capital - Governmental grants	93,990	1,660,648	1,754,638
Payment on bonds	(260,000)	(210,000)	(470,000)
Interest expense on bonds	<u>(64,105)</u>	<u>(181,700)</u>	<u>(245,805)</u>
Net cash provided (used) by capital and related financing activities	<u>(734,413)</u>	<u>(3,355,740)</u>	<u>(4,090,153)</u>
NET DECREASE IN CASH	(507,554)	(3,237,891)	(3,745,445)
CASH AND CASH EQUIVALENTS, July 1, 2003	<u>1,229,179</u>	<u>3,359,281</u>	<u>4,588,460</u>
CASH AND CASH EQUIVALENTS, June 30, 2004	\$ <u>721,625</u>	\$ <u>121,390</u>	\$ <u>843,015</u>

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

(Page 2 of 2)

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

Operating income (loss)	\$ (387,194)	\$ 24,903	\$ (362,291)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Depreciation expense	749,790	125,144	874,934
(Increase) decrease in accounts receivable	(119,119)	-	(119,119)
(Increase) decrease in inventory	(15,893)	-	(15,893)
Increase (decrease) in accounts payable	(84,791)	-	(84,791)
Increase (decrease) in accrued liabilities	(21,045)	(1,737)	(22,782)
Increase (decrease) in deferred revenue	14,000	-	14,000
Increase (decrease) in due to other funds	<u>63,923</u>	<u>-</u>	<u>63,923</u>
Net cash provided (used) by operating activities	\$ <u>199,671</u>	\$ <u>148,310</u>	\$ <u>347,981</u>

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004

	Trust Funds Held By <u>Trustees</u>	Lundberg and Auditorium <u>Fund</u>	Prospect Hill Cemetery <u>Fund</u>	Library Trust <u>Fund</u>
ASSETS:				
Cash and cash equivalents	\$ 22,537	\$ 17,625	\$ -	\$ 84,537
Investments, at fair value	100,508	-	-	444,087
Due from other funds	<u>-</u>	<u>-</u>	4,135	<u>1,375</u>
Total assets	<u>123,045</u>	<u>17,625</u>	<u>4,135</u>	<u>529,999</u>
LIABILITIES:				
Accounts payable	-	-	18	-
Accrued liabilities - other	-	-	226	-
Intergovernmental	8,193	7,875	-	-
Due to other funds	<u>1,375</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>9,568</u>	<u>7,875</u>	<u>244</u>	<u>-</u>
NET ASSETS:				
Held in trust for specific purpose	4,676	5,000	3,891	529,999
Held in trust for restricted purpose	<u>108,801</u>	<u>4,750</u>	<u>-</u>	<u>-</u>
Total net assets	\$ <u>113,477</u>	\$ <u>9,750</u>	\$ <u>3,891</u>	\$ <u>529,999</u>

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Trust Funds Held by Trustees</u>	<u>Lundberg and Auditorium Fund</u>	<u>Prospect Hill Cemetery Fund</u>	<u>Library Trust Fund</u>
ADDITIONS:				
Investment earnings -				
Investment income	\$ 2,862	\$ 107	\$ -	\$ 5,970
Net increase in fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,047</u>
Total investment earnings	2,862	107	-	45,017
Contributions	-	-	-	8,442
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>2,862</u>	<u>107</u>	<u>-</u>	<u>53,459</u>
DEDUCTIONS:				
Miscellaneous	8	107	14,459	36,186
Net decrease in fair value of investments	<u>989</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deductions	<u>997</u>	<u>107</u>	<u>14,459</u>	<u>36,186</u>
CHANGE IN NET ASSETS	1,865	-	(14,459)	17,273
NET ASSETS, July 1, 2003	<u>111,612</u>	<u>9,750</u>	<u>18,350</u>	<u>512,726</u>
NET ASSETS, June 30, 2004	\$ <u>113,477</u>	\$ <u>9,750</u>	\$ <u>3,891</u>	\$ <u>529,999</u>

The notes to financial statements are an integral part of this statement.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1. Summary of significant accounting policies:

Organization - The Town of Brattleboro, Vermont (the Town) was chartered in 1753. The Town operates under a Selectboard/Representative form of government and provides the following services as authorized by its charter: public safety-police and fire, highways and streets, water, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

- A. Reporting entity - The Town is a primary unit of government under reporting criteria established in Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*. Those criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. Based on these criteria, there are no other entities which are component units of the Town.

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. In June 1999, the GASB approved changes to the financial reporting structure in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement included a phased implementation schedule based on the size of the government. The Town has implemented GASB 34 for the year ended June 30, 2004 except for capital assets used in governmental activities.

- B. Government-wide and fund financial statements - The basic financial statements include both government-wide and fund financial statements. While the previous financial reporting model emphasized fund types (the total of all funds of a particular type), the new financial reporting model has a dual focus, with primary statements for the Town as a whole, and for the major individual funds (within the fund financial statements). The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. 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.

In the government-wide statement of net assets, the financial position of the Town is consolidated and incorporates business-type capital assets as well as all long-term debt and obligations. In future years, the Town also plans to include capital assets used in governmental activities in this statement of net assets. The government-wide statement of activities reflects both the gross and net costs by category. Direct expenses that are clearly identifiable with the category are offset by program revenues of the category. Program revenues include charges for services provided by a particular function or program and grants that are restricted to meeting the operational or capital requirements of the particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements are similar to the financial statements presented in the previous financial reporting model. Major individual funds are reported as separate columns in the fund financial statements. Non-major funds are summarized in a single column.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1. Summary of significant accounting policies (continued):

- C. Basis of presentation - The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Small Business Assistance Program (SBAP) - This fund is used to account for operations of the Town's revolving loan fund, which is maintained to encourage small business development.

UDAG - Holstein Fund - This fund holds investments received by early repayment of a Town loan made through the Urban Development Action Grant (UDAG) program.

The Town reports the following major proprietary funds:

Utilities Fund - This Fund accounts for water and sewer services. The Town operates the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

Parking Fund - This Fund accounts for the activities of the Town parking lots and metered street parking, as well as the new Town Transportation Center.

Additionally, the Town reports fiduciary funds even though fiduciary funds are excluded from the government-wide financial statements.

- D. Measurement focus and basis of accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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.

Governmental fund financial statements are reported on a current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when the fund liability is incurred, if measurable, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Material encumbrances at year end are excluded from current year expenditures and reported as reservations of fund equity.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings and certain intergovernmental grants are recorded as earned.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1. Summary of significant accounting policies (continued):

D. Measurement focus and basis of accounting (continued) -

Private-sector standards of accounting and financial reporting issued prior to December 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with guidance of the GASB. The Town has not elected the option of following private-sector guidance issued subsequent to 1989.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Unbilled service revenue is accrued in the proprietary funds.

E. Budgets - The Town of Brattleboro follows these procedures in establishing the General Fund budgetary data reflected in the financial statements:

Prior to October 1, the Town departments submit to the Finance Director, Town Manager and Selectboard a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

Hearings are conducted by the Selectboard prior to the Town budget meeting to discuss the proposed budget.

The budget is legally enacted at the annual Town Meeting by vote of the Town Meeting representatives in March.

Appropriations for certain projects and specific items not fully expended at the fiscal year end are carried forward, with specific authority from the Selectboard, as continued appropriations to the new fiscal year in which they supplement the appropriations of that year.

A copy of the budget is published in the Annual Report of the Town of Brattleboro, Vermont.

F. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

G. Cash and cash equivalents - The Town considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1. Summary of significant accounting policies (continued):

- H. Loans receivable - The Town, through various Federal programs, has received grants and advanced funds to encourage community development. These loans, generally secured by subordinated collateral positions, are recorded as loans receivable in the governmental funds. Until repaid, loans of Federal awards are offset by deferred revenue, which is taken into operating revenue as payments are received. Upon receipt, the repayment of these loans is placed in the Town's small business assistance program (SBAP) and is available for future loans. Assets of the Rental Housing Improvement Program (RHIP) are available for future loans to help upgrade or maintain affordable rental housing. The loans provide for interest, where permitted under the terms of the programs, from 0% to 7% and repayment terms ranging from monthly installments to lump-sum payment at the end of 30 years.
- I. Capital assets - Capital assets, which include property, plant, equipment and vehicles, are reported in the business-type activities column in the government-wide financial statements and in the proprietary funds. Under current accounting standards, capital assets used in governmental activities are required to be reported in the governmental activities column of the government-wide financial statements. The Town has not included governmental capital assets in these 2004 financial statements.

Capital 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs are capitalized on projects during the construction period. Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight line method over the following useful lives:

Utilities systems	20 - 75 years
Buildings & improvements	20 - 50 years
Machinery & equipment	5 - 20 years
Parking lots	40 years

Not all Parking Fund capital assets have been reported and depreciation expense on some parking lot renovations/improvements has not been reported. The Town owns all or a portion of seven parking lots. The total acquisition costs and subsequent renovations/improvements costs of these lots are not known.

- J. Inventory - In the governmental funds, the cost of inventory is recorded as an expenditure at the time individual inventory items are consumed (consumption method). In the Utilities Fund, inventory is recorded on a first-in, first-out (FIFO) basis, lower of cost or market.
- K. Compensated absences - Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation (subject to certain limitations) at their then current rates of pay. Sick leave accruals in excess of 90 days up to a maximum of 120 days will be paid to any Town employee who retires after a minimum of 20 consecutive years of service. Accrued compensated absences have been recorded in the General Fund and proprietary funds and included in accrued expenses on the Government-wide Statement of Net Assets.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1. Summary of significant accounting policies (continued):

L. Deferred revenue - The Town has recorded deferred revenue from the following sources:

Property taxes - Taxes which have not been collected within 60 days following year end are not considered available for current year operations and are shown as deferred revenue in the governmental funds.

Grant revenue - Certain State and Federal grants are restricted for specified purposes and, upon receipt, are recorded as deferred revenue until they are expended.

Loans receivable - Grant funds loaned for community development projects are recorded as deferred revenue. Town revenue is recognized as loan repayments are received.

M. Long-term obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net assets. In the fund financial statements, governmental fund types recognize the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

N. 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 a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

O. Property taxes - Real and personal property taxes are based on values assessed as of each April 1 and are normally due on the subsequent August 5, November 5, February 5 and May 5. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables in the fiscal year of the levy.

P. Interfund activity - The Town has not eliminated interfund balances and transfers in the consolidation of funds into the government-wide financial statements.

Q. Deferred compensation - The Town has discontinued reporting as fiduciary funds those accounts which result from salary deferrals elected in accordance with Internal Revenue Code Section 457. Under current law, those accounts are the property of the employees and the Town is only obligated to direct amounts withheld in accordance with the employees' instructions.

2. Cash and investments:

Cash - The Town has an investment policy which allows the investment of Town funds in savings accounts, certificates of deposit, money market accounts and repurchase agreements with approved local banks and in obligations of the U.S. Government and its agencies. All Federal and State laws and regulations regarding the investment of funds are followed when applicable.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

2. Cash and investments (continued):

The cash deposits in the Town's funds as of June 30, 2004, including trust funds of \$124,699, consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 2,060,489	\$ 2,062,190
Collateralized	765,884	888,984
Uncollateralized/uninsured	<u>32,130</u>	<u>364,865</u>
	\$ <u>2,858,503</u>	\$ <u>3,316,039</u>

The insured accounts are insured by Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or an excess FDIC insurance policy. The collateralized amounts are considered fully collateralized by the depository banks under repurchase arrangements which assign federal securities held by the bank for the benefit of the Town.

The composition of the Town's bank deposits can be significantly higher at other times. It fluctuates depending primarily on the timing of real estate tax receipts, proceeds from borrowings, collection of State and Federal aid and capital outlays throughout the year.

Investments - The Town has invested certain assets of governmental funds in U.S. government obligations. The Town's Library Trust Fund has additional investment policies, most notably the ability to invest in common stocks and other specified investments. All of the Town's investments were held by the Town's agent in the Town's name.

The classification and market value of investments held at June 30, 2004 are as follows:

	<u>Governmental</u>	<u>Fiduciary</u>
Common and preferred stock	\$ -	\$ 204,427
U.S. Government obligations	795,014	122,587
Corporate obligations	-	104,331
Mutual funds - various	<u>-</u>	<u>113,250</u>
	\$ <u>795,014</u>	\$ <u>544,595</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

3. Capital assets:

A summary of changes in capital assets of the proprietary funds follows:

	Balance July 1, 2003	Increase	Decrease	Balance June 30, 2004
Capital assets, not depreciated:				
Land	\$ 475,935	\$ -	\$ -	\$ 475,935
Capital assets, depreciated:				
Utilities system	31,822,078	335,678	-	32,157,756
Transportation Center	6,076,790	3,157,556	-	9,234,346
Machinery & equipment	1,284,234	280,837	(65,397)	1,499,674
Parking lots	823,700	-	-	823,700
Total capital assets depreciated	<u>40,006,802</u>	<u>3,774,071</u>	<u>(65,397)</u>	<u>43,715,476</u>
Less accumulated depreciation for				
Utilities system	12,181,670	657,677	-	12,839,347
Transportation Center	-	92,594	-	92,594
Machinery & equipment	981,617	110,401	(65,397)	1,026,621
Parking lots	30,539	14,262	-	44,801
Total accumulated depreciation	<u>13,193,826</u>	<u>874,934</u>	<u>(65,397)</u>	<u>14,003,363</u>
Total capital assets depreciated, net	<u>26,812,976</u>	<u>2,899,137</u>	<u>-</u>	<u>29,712,113</u>
Capital assets, net	\$ <u>27,288,911</u>	\$ <u>2,899,137</u>	\$ <u>-</u>	\$ <u>30,188,048</u>

4. Pension plan:

The Town maintains a single-employer defined contribution pension plan. The plan was established on January 1, 1988. It is a "qualified" plan under Section 401(a) of the Internal Revenue Code. It covers substantially all full-time regular employees with one or more years of service, except for certain police department employees that have changed to coverage under the Vermont Municipal Employees Retirement System in January 2004. The Town contributes 6% of the gross earnings for each eligible employee each pay period. In addition, the Town makes a matching contribution equal to each employee's contribution to the plan for that pay period up to a maximum of 3% of the employee's gross earnings. Participants become 60% vested after three years, 80% vested after four years and 100% vested after five years in the plan. They are always 100% vested in their own contributions. The following is a summary of pension plan information for the year ended June 30, 2004:

Number of plan participants	<u>160</u>
Current year covered payroll	\$ <u>4,609,377</u>
Current year total payroll	\$ <u>6,056,038</u>
Contributions by Town (8.9% of covered payroll)	\$ <u>406,693</u>
Contributions by employees (4.2% of covered payroll)	\$ <u>197,570</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

5. Long-term debt:

Outstanding long-term debt for the year ended June 30, 2004 consisted of:

	Balance July 1, <u>2003</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2004</u>	Due Within <u>One Year</u>
Governmental activities -					
Notes payable (1.8 - 4.0%):					
Fire Department Bucket Truck payments through June 2007	\$ -	\$ 52,258	\$ -	\$ 52,258	\$ 16,442
Fire Department Building Repairs payments through June 2009	-	70,747	-	70,747	12,826
Public Works Dump Truck payments through June 2007	-	60,695	-	60,695	19,078
Notes payable to Utility Fund payments through June 2006	243,813	-	131,427	112,386	55,071
General obligation bonds (3.8 - 8.1%):					
Swimming pool and Municipal Center, through December 2008	150,000	-	30,000	120,000	30,000
General purpose, maturities through December 2009	380,000	-	65,000	315,000	65,000
General purpose, maturities through December 2008	30,000	-	5,000	25,000	5,000
Municipal Center/HVAC, through December 2004	<u>85,000</u>	<u>-</u>	<u>45,000</u>	<u>40,000</u>	<u>40,000</u>
Total bonds and notes payable	888,813	183,700	276,427	796,086	243,417
Compensated absences	<u>405,106</u>	<u>27,323</u>	<u>-</u>	<u>432,429</u>	<u>76,755</u>
Total governmental activities	\$ <u>1,293,919</u>	\$ <u>211,023</u>	\$ <u>276,427</u>	\$ <u>1,228,515</u>	\$ <u>320,172</u>
Business-type activities -					
General obligation bonds (4.3 - 7.5%):					
Water, through December 2008	\$ 960,000	\$ -	\$ 160,000	\$ 800,000	\$ 160,000
Utilities, through December 2008	60,000	-	10,000	50,000	10,000
Water, through December 2009	630,000	-	90,000	540,000	90,000
Parking, through December 2020	3,600,000	-	200,000	3,400,000	200,000
Parking, through December 2008	<u>50,000</u>	<u>-</u>	<u>10,000</u>	<u>40,000</u>	<u>10,000</u>
Total bonds payable	5,300,000	-	470,000	4,830,000	470,000
Compensated absences:	<u>60,434</u>	<u>4,952</u>	<u>-</u>	<u>65,386</u>	<u>65,386</u>
Total business-type activities	\$ <u>5,360,434</u>	\$ <u>4,952</u>	\$ <u>470,000</u>	\$ <u>4,895,386</u>	\$ <u>535,386</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

5. Long-term debt (continued):

The estimated annual requirements to amortize all bonds and notes outstanding as of June 30, 2004, including interest payments, are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 243,417	\$ 36,273	\$ 470,000	\$ 217,184
2006	191,572	24,622	470,000	191,290
2007	139,553	17,738	470,000	206,198
2008	98,560	10,712	465,000	177,328
2009	72,984	5,585	465,000	148,503
2010-2014	50,000	1,688	1,090,000	517,818
2015-2019	-	-	1,000,000	250,750
2020-2024	-	-	400,000	22,556
	<u>\$ 796,086</u>	<u>\$ 96,618</u>	<u>\$ 4,830,000</u>	<u>\$ 1,731,627</u>

6. Fund equity:

Fund balances of Governmental Funds are classified as follows:

Reserved fund balance - Indicates that portion of fund equity which has been legally segregated for specific purposes. The General Fund balance has been restricted as follows:

Inventory	\$ 35,101
Recreation self-supporting activities	137,975
Whetstone Brook Pathway	<u>42,341</u>
	<u>\$ 215,417</u>

Designated fund balance - Indicates that portion of fund equity for which the Town has made tentative plans. The General Fund balance has been designated as follows:

Subsequent year	\$ 200,000
Capital expenditures	263,078
Balance of C&S fine	<u>6,850</u>
	<u>\$ 469,928</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

7. Interfund receivable and payable balances:

Interfund receivable and payable balances as of June 30, 2004 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities -		
General Fund	\$ 715,201	\$ 224,970
SBAP Fund	2,000	4,299
Other governmental funds	<u>220,834</u>	<u>262,344</u>
	<u>938,035</u>	<u>491,613</u>
Business-type activities -		
Utilities Fund	-	103,577
Parking Fund	<u>-</u>	<u>346,980</u>
	<u>-</u>	<u>450,557</u>
Fiduciary funds	<u>4,135</u>	<u>-</u>
	<u>\$ 942,170</u>	<u>\$ 942,170</u>

8. Operating transfers:

Operating transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Operating transfers during the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 201,800	\$ 5,000
SBAP Fund	-	10,000
Other governmental funds	15,000	-
Utilities Fund	-	170,000
Parking Fund	<u>-</u>	<u>31,800</u>
	<u>\$ 216,800</u>	<u>\$ 216,800</u>

The transfers of \$201,800 from the proprietary funds represent reimbursements of expenditures to the General Fund for administration and other operating costs:

9. Commitments:

At June 30, 2004 the Town was committed to proceed with several capital improvements projects, in addition to normal infrastructure maintenance.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

9. Commitments (continued):

The Town has issued bonds and received Federal and State grant allocations and awards for development of the multimodal transportation center and improvements to Union Station. The Transportation Center was opened in 2004, but the Union Station project was delayed. The projected cost of this project is \$2 million. The Town is contractually committed for engineering costs for this project.

In 2004, the Town commenced construction of Phase I of the Whetstone Brook Pathway. The contractual commitment for construction is \$633,992.

In February, 2001, the Town agreed to a five-year waste and recycling contract through June 30, 2006. For the fiscal year ending June 30, 2005, the contract commitment is \$335,601. The total commitment for the remaining two years is \$681,269.

10. Contingencies:

The Town participates in various federally funded programs. These programs are subject to financial and compliance audits and resolution of identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

The Town relies on property taxes as the primary revenue source for governmental operations. Property owners are assessed an annual tax, using a rate set to recover operating costs applied to the grand list value of individual properties. Decreases in the Town's property base, resulting from economic events or legal challenges to the Town's property valuations could have a significant adverse effect on current operations, requiring future tax increases or other fiscal actions.

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The Town manages these risks through a combination of commercial insurance packages purchased in the name of the Town, and participation in risk pools administered by the Vermont League of Cities and Towns. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

The Town is involved in various claims and legal actions arising in the ordinary course of business. The ultimate disposition of these matters is indeterminable, but in the opinion of management, the amount of any ultimate liability, not covered by insurance, could have a significant impact on the Town's financial condition. In *Woods vs. Town of Brattleboro*, the Town is represented by risk pool attorneys. However, any claim liability of the Town is subject to a reservation of rights with respect to coverage of this matter by the risk pool.

11. Other post employment benefits:

In addition to the pension benefits described in Note 3, the Town provides by Union Contracts through June 30, 2004, post-retirement health care benefits for fire and police union employees who retire from Town employment after attaining age 55 with at least 20 years of service to the Town. The Town will pay 60% of two-person health insurance costs until the former employee is eligible for Medicare. The Town's portion of the benefits is funded on a pay-as-you-go basis and included in health care expenditures.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

12. Joint venture:

Pursuant to a charter from the State of Vermont, the Town participates with several other municipalities in the Windham Solid Waste Management District (the District). Members of the District's Board of Supervisors are appointed by each town. The District has the power to levy assessments on the member municipalities based on the amount of waste generated by or within each of the member municipalities.

The District has primary liability for its future obligations, including debt service and costs associated with landfill postclosure maintenance and monitoring, and has investments with an estimated maturity value sufficient to provide for these estimated future liabilities. The towns have contingent liability for these obligations through their membership in the District.

Summary financial information for the District as of and for the fiscal year ended June 30, 2004 is as follows:

Assets	\$ <u>4,304,473</u>
Liabilities	\$ 1,885,233
Net assets	<u>2,419,240</u>
	\$ <u>4,304,473</u>
Operating revenues	\$ 1,132,769
Operating expenses	<u>1,251,471</u>
Operating loss	(118,702)
Nonoperating revenue, net	<u>140,758</u>
Change in net assets	\$ <u>22,056</u>

Debt service requirements for bonds, including interest of \$85,125 are as follows:

Year ending June 30,	
2005	\$ 72,625
2006	69,150
2007	65,650
2008	62,150
2009	58,650
Thereafter	<u>106,900</u>
	\$ <u>435,125</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2004

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	Nonurbanized					Union Station Project
	Grants Fund	VT Public Library Grant	Library Automation Project	Rental Housing Fund	Public Transportation Program	Shelter Plus
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 52,158	\$ -	\$ -
Loans receivable	-	-	-	52,625	-	-
Accounts receivable	73,490	-	-	-	-	44,742
Due from other funds	-	142,335	17,056	9,438	4,068	4,656
Total assets	\$ 73,490	\$ 142,335	\$ 17,056	\$ 114,221	\$ 4,068	\$ 49,398
LIABILITIES AND FUND EQUITY						
LIABILITIES:						
Warrants and accounts payable	\$ 4,776	\$ 16,638	\$ 125	\$ -	\$ 4,068	\$ 1,398
Due to other funds	55,194	-	-	-	-	-
Deferred revenue	13,520	125,697	16,931	-	-	-
Total liabilities	73,490	142,335	17,056	-	4,068	1,398
FUND EQUITY:						
Fund balances -						
Reserved (deficit)	-	-	-	114,221	-	48,000
Total liabilities and fund equity	\$ 73,490	\$ 142,335	\$ 17,056	\$ 114,221	\$ 4,068	\$ 49,398

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2004

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	VT Downtown Projects	Agricultural Land Trust Preservation Fund	Pathway Project	Plaza Park	Title V Caring Community	LLEB Grant	Justice Cops In School
<u>ASSETS</u>							
Cash and cash equivalents	\$ -	\$ 83,035	\$ -	\$ 4,326	\$ -	\$ 51,405	\$ -
Loans receivable	-	-	-	-	-	-	-
Accounts receivable	79,421	-	91,458	-	25,015	-	27,428
Due from other funds	-	-	-	-	-	-	-
Total assets	\$ 79,421	\$ 83,035	\$ 91,458	\$ 4,326	\$ 25,015	\$ 51,405	\$ 27,428
<u>LIABILITIES AND FUND EQUITY</u>							
<u>LIABILITIES:</u>							
Warrants and accounts payable	\$ -	\$ -	\$ 64,695	\$ -	\$ -	\$ 345	\$ -
Due to other funds	79,421	1,132	33,360	-	25,015	6,945	27,428
Deferred revenue	-	-	-	-	-	44,115	-
Total liabilities	79,421	1,132	98,055	-	25,015	51,405	27,428
<u>FUND EQUITY:</u>							
Fund balances -							
Reserved (deficit)	-	81,903	(6,597)	4,326	-	-	-
Total liabilities and fund equity	\$ 79,421	\$ 83,035	\$ 91,458	\$ 4,326	\$ 25,015	\$ 51,405	\$ 27,428

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2004

Schedule 1
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	Justice Tech Grant	Community Restorative Justice	Precharge Restorative Justice	Morningside Perpetual Care	Kyle Gilbert Memorial	Other Funds	Total
<u>ASSETS</u>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 64,484	\$ 10,772	\$ -	\$ 266,180
Loans receivable	-	-	-	-	-	-	52,625
Accounts receivable	-	-	-	-	-	-	345,695
Due from other funds	<u>2,053</u>	<u>26,811</u>	<u>5,358</u>	<u>-</u>	<u>-</u>	<u>9,059</u>	<u>220,834</u>
Total assets	\$ <u>2,053</u>	\$ <u>26,811</u>	\$ <u>5,358</u>	\$ <u>64,484</u>	\$ <u>10,772</u>	\$ <u>9,059</u>	\$ <u>885,334</u>
<u>LIABILITIES AND FUND EQUITY</u>							
LIABILITIES:							
Warrants and accounts payable	\$ 2,053	\$ 2,053	\$ 680	\$ 370	\$ -	\$ -	\$ 97,201
Due to other funds	-	-	-	29,710	-	-	262,344
Deferred revenue	<u>-</u>	<u>24,758</u>	<u>4,678</u>	<u>-</u>	<u>-</u>	<u>7,251</u>	<u>236,950</u>
Total liabilities	<u>2,053</u>	<u>26,811</u>	<u>5,358</u>	<u>30,080</u>	<u>-</u>	<u>7,251</u>	<u>596,495</u>
FUND EQUITY:							
Fund balances -							
Reserved (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,404</u>	<u>10,772</u>	<u>1,808</u>	<u>288,839</u>
Total liabilities and fund equity	\$ <u>2,053</u>	\$ <u>26,811</u>	\$ <u>5,358</u>	\$ <u>64,484</u>	\$ <u>10,772</u>	\$ <u>9,059</u>	\$ <u>885,334</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

Schedule 2
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	Grants <u>Fund</u>	VT Public Library <u>Grant</u>	Library Automation <u>Project</u>	Rental Housing <u>Fund</u>	Nonurbanized Public Transportation <u>Program</u>	Shelter <u>Plus</u>	Union Station <u>Project</u>
REVENUES:							
Investment income	\$ -	\$ -	\$ -	\$ 1,845	\$ -	\$ -	\$ -
Intergovernmental	98,788	-	142,070	-	104,362	81,774	159,109
Departmental and other revenue	11,265	135,714	-	25	52,890	-	-
Total revenues	<u>110,053</u>	<u>135,714</u>	<u>142,070</u>	<u>1,870</u>	<u>157,252</u>	<u>81,774</u>	<u>159,109</u>
EXPENDITURES:							
Miscellaneous	11,031	-	-	59	157,252	81,772	93,221
General government	-	135,714	-	-	-	-	-
Public safety	104,022	-	-	-	-	-	-
Capital outlay	-	-	142,070	-	-	-	-
Total expenditures	<u>115,053</u>	<u>135,714</u>	<u>142,070</u>	<u>59</u>	<u>157,252</u>	<u>81,772</u>	<u>93,221</u>
EXCESS OF REVENUES OR (EXPENDITURES)	(5,000)	-	-	1,811	-	2	65,888
OTHER FINANCING SOURCES (USES):							
Operating transfers in (out)	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OR (EXPENDITURES AND OTHER FINANCING USES)	-	-	-	1,811	-	2	65,888
FUND BALANCES, July 1, 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,410</u>	<u>-</u>	<u>-</u>	<u>(17,888)</u>
FUND BALANCES, June 30, 2004	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>114,221</u>	\$ <u>-</u>	\$ <u>2</u>	\$ <u>48,000</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

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	VCDP CABA	VT Downtown Projects	Agricultural Land Trust Preservation Fund	Pathway Project	Plaza Park	Title V Caring Community	LLEB Grant	Justice Cops In School
REVENUES:								
Investment income	\$ -	\$ -	\$ 895	\$ -	\$ 43	\$ -	\$ 88	\$ -
Intergovernmental	6,572	54,048	-	130,541	-	66,014	18,498	40,192
Departmental and other revenue	-	-	174	7,908	-	-	-	-
Total revenues	<u>6,572</u>	<u>54,048</u>	<u>1,069</u>	<u>138,449</u>	<u>43</u>	<u>66,014</u>	<u>18,586</u>	<u>40,192</u>
EXPENDITURES:								
Miscellaneous	16,572	54,048	-	145,046	1,500	-	-	-
General government	-	-	-	-	-	66,014	-	-
Public safety	-	-	-	-	-	-	18,586	40,192
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>16,572</u>	<u>54,048</u>	<u>-</u>	<u>145,046</u>	<u>1,500</u>	<u>66,014</u>	<u>18,586</u>	<u>40,192</u>
EXCESS OF REVENUES OR (EXPENDITURES)	(10,000)	-	1,069	(6,597)	(1,457)	-	-	-
OTHER FINANCING SOURCES (USES):								
Operating transfers in (out)	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OR (EXPENDITURES AND OTHER FINANCING USES)	-	-	1,069	(6,597)	(1,457)	-	-	-
FUND BALANCES, July 1, 2003	<u>-</u>	<u>-</u>	<u>80,834</u>	<u>-</u>	<u>5,783</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, June 30, 2004	\$ <u>-</u>	\$ <u>-</u>	\$ <u>81,903</u>	\$ <u>(6,597)</u>	\$ <u>4,326</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
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	Justice Tech <u>Grant</u>	Community Restorative <u>Justice</u>	Precharge Restorative <u>Justice</u>	Morningside Perpetual <u>Care</u>	Kyle Gilbert <u>Memorial</u>	Other <u>Funds</u>	<u>Total</u>
REVENUES:							
Investment income	\$ -	\$ -	\$ -	\$ 611	\$ 6	\$ -	\$ 3,488
Intergovernmental	71,949	50,629	10,322	-	-	200	1,035,068
Departmental and other revenue	-	-	-	21,424	10,766	9,323	249,489
Total revenues	<u>71,949</u>	<u>50,629</u>	<u>10,322</u>	<u>22,035</u>	<u>10,772</u>	<u>9,523</u>	<u>1,288,045</u>
EXPENDITURES:							
Miscellaneous	-	50,629	10,322	9,681	-	634	631,767
General government	-	-	-	-	-	-	201,728
Public safety	71,949	-	-	-	-	-	234,749
Capital outlay	-	-	-	-	-	221	142,291
Total expenditures	<u>71,949</u>	<u>50,629</u>	<u>10,322</u>	<u>9,681</u>	<u>-</u>	<u>855</u>	<u>1,210,535</u>
EXCESS OF REVENUES OR (EXPENDITURES)	-	-	-	12,354	10,772	8,668	77,510
OTHER FINANCING SOURCES (USES):							
Operating transfers in (out)	-	-	-	-	-	-	15,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OR (EXPENDITURES AND OTHER FINANCING USES)	-	-	-	12,354	10,772	8,668	92,510
FUND BALANCES, July 1, 2003	-	-	-	22,050	-	(6,860)	196,329
FUND BALANCES, June 30, 2004	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>34,404</u>	\$ <u>10,772</u>	\$ <u>1,808</u>	\$ <u>288,839</u>

