

**TOWN OF ASHFORD,
CONNECTICUT**

**Basic Financial Statements
and
Supplemental Schedules**

**For The Year Ended
June 30, 2011**



Certified Public Accountants & Business Advisors

TOWN OF ASHFORD, CONNECTICUT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Finance of the
Town of Ashford, 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 Ashford, Connecticut (the "Town"), as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Ashford, Connecticut, as of June 30, 2011, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund 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 December 1, 2011 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the public employee retirement system information on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CCR LLP

Glastonbury, Connecticut
December 1, 2011

Management's Discussion and Analysis

TOWN OF ASHFORD, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Ashford, Connecticut (the "Town"), 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, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$16,537,599 (net assets). Of this amount, \$3,096,437 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$65,857.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,502,778, a decrease of \$816,198 in comparison with the prior year. Approximately 54% or \$1,340,002 of this total amount is available for spending at the Town's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,340,002 or 9.6% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.15 months of General Fund operating expenditures.
- The Town's total long-term debt decreased by \$387,500 or 10.5%, from \$3,675,000 as of June 30, 2010 to \$3,287,500 as of June 30, 2011, during the current fiscal year due to scheduled debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town'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 is improving or deteriorating.

The statement of activities presents information showing how the Town'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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

TOWN OF ASHFORD, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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 Town has no business-type activities. The governmental activities of the Town include public safety, public works, health and welfare, planning and development, education, library, recreation, and general administrative services.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements

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 Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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 the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town'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 maintains a number of 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, Capital Nonrecurring Fund, Educational Grants Fund, and Small Cities Grant Program Fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 through 20 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs.

The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

**TOWN OF ASHFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 40 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on page 41 of this report. Combining and individual fund statements and schedules can be found on pages 42 through 59 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$16,537,599 and \$16,471,742 (as restated) as of June 30, 2011 and 2010, respectively, and are summarized as follows:

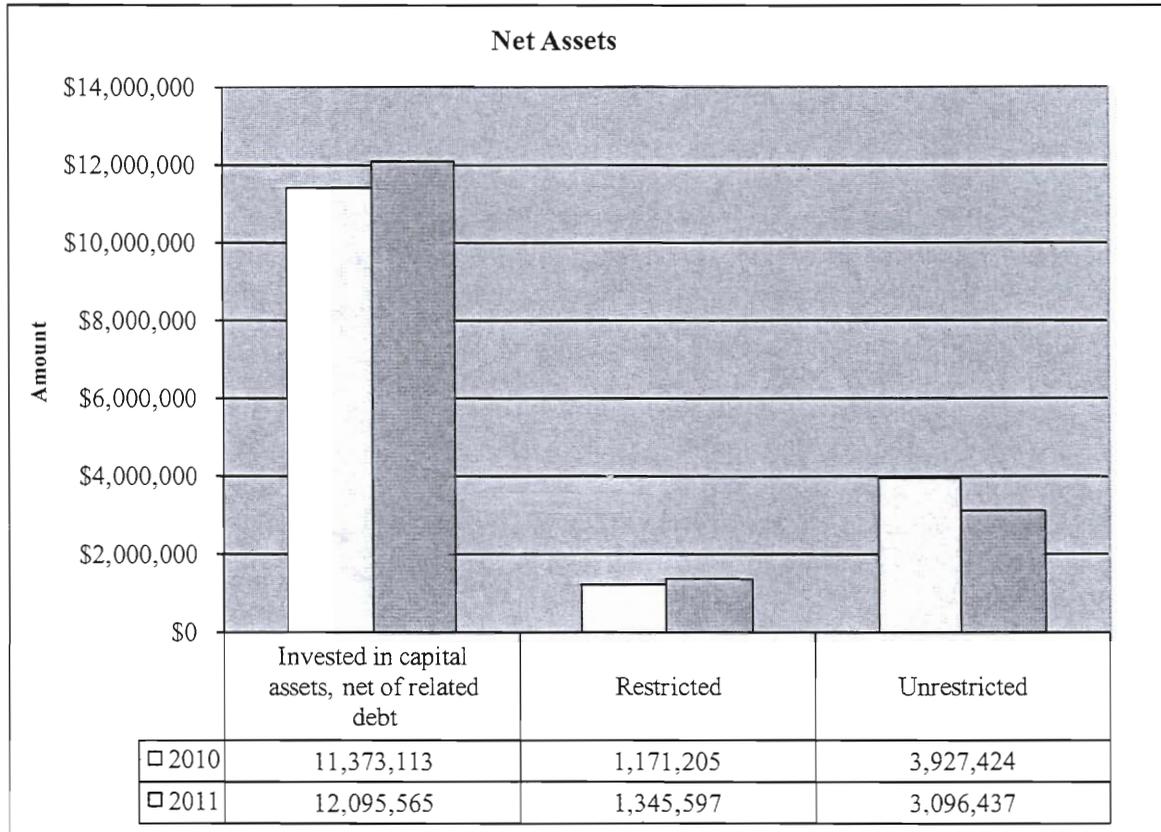
Town of Ashford Connecticut
Net Assets
June 30, 2011 and 2010

	Governmental Activities	
	2011	(Restated) 2010
Current and other assets	\$ 5,282,328	\$ 5,718,816
Capital assets	15,051,523	15,048,113
Total assets	20,333,851	20,766,929
Other liabilities	471,185	575,938
Long-term debt liabilities	3,325,067	3,719,249
Total liabilities	3,796,252	4,295,187
Net assets:		
Invested in capital assets, net of related debt	12,095,565	11,373,113
Restricted	1,345,597	1,171,205
Unrestricted	3,096,437	3,927,424
Total net assets	\$ 16,537,599	\$ 16,471,742

**TOWN OF ASHFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)



Of the Town's net assets, 73.1% reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town 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.

8.1% of the Town's net assets are subject to external restrictions on how they may be used and are therefore presented as restricted net assets.

The remainder of the Town's net assets are considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net assets increased by \$65,857.

**TOWN OF ASHFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets

Changes in net assets for the years ended June 30, 2011 and 2010 are as follows:

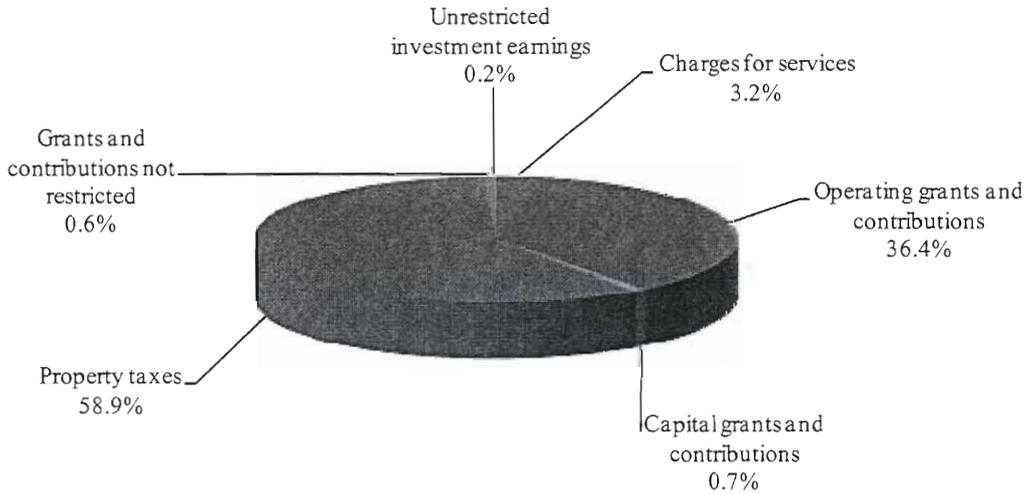
Town of Ashford, Connecticut				
Changes in Net Assets				
June 30, 2011 and 2010				
	Governmental Activities			
	2011	2010	\$ Variance	% Variance
Revenues				
Program revenues:				
Charges for services	\$ 478,923	\$ 519,865	\$ (40,942)	-7.9%
Operating grants and contributions	5,459,914	5,693,038	(233,124)	-4.1%
Capital grants and contributions	104,964	126,319	(21,355)	-16.9%
General revenues:				
Property taxes	8,823,060	8,459,752	363,308	4.3%
Grants and contributions not restricted	89,124	54,241	34,883	64.3%
Other	-	182,472	(182,472)	-100.0%
Unrestricted investment earnings	26,700	14,195	12,505	88.1%
Total revenues	14,982,685	15,049,882	(67,197)	-0.45%
Expenses				
General government	1,097,605	1,171,908	(74,303)	-6.34%
Public safety	266,191	191,648	74,543	38.90%
Public works	1,085,287	1,132,874	(47,587)	-4.20%
Health and welfare	90,804	75,278	15,526	20.62%
Planning and development	168,115	117,267	50,848	43.36%
Education	11,805,713	11,692,520	113,193	0.97%
Library	184,001	180,787	3,214	1.78%
Recreation	96,696	96,031	665	0.69%
Interest on long-term debt	122,416	136,898	(14,482)	-10.58%
Total expenses	14,916,828	14,795,211	121,617	0.82%
Change in net assets	\$ 65,857	\$ 254,671	(188,814)	-74.14%

**TOWN OF ASHFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

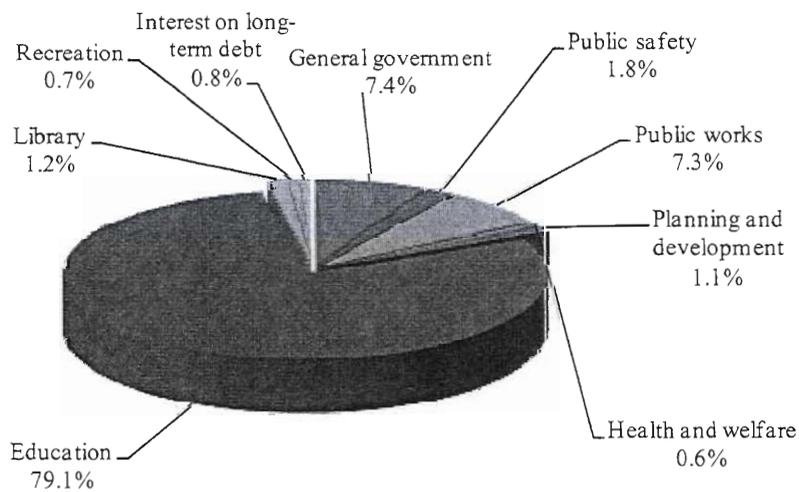
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets (Continued)

**2011 Revenues by Source -
Governmental Activities**



**2011 Expenses by Function -
Governmental Activities**



**TOWN OF ASHFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)***

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Assets *(Continued)*

Governmental Activities

Governmental activities increased the Town's net assets by \$65,857. Revenues generated by the Town decreased by approximately \$67,000 while expenses incurred by the Town increased by approximately \$121,000 when compared to the prior year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town 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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town'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 \$2,502,778, a decrease of \$816,198 in comparison with the prior year. Of this amount, \$1,340,002 constitutes unassigned fund balance, which is available for spending at the Town's discretion.

TOWN OF ASHFORD, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS *(Continued)*

Governmental Funds (Continued)

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,340,002, while total fund balance was \$1,426,490. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance for the General Fund was 9.6% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.15 months of General Fund operating expenditures.

Capital and Nonrecurring Fund

The fund balance of the Capital and Nonrecurring Fund decreased by \$458,404 during the current fiscal year. This decrease is primarily related to current year capital outlays funded through the use of fund balance.

Educational Grants Fund

The Educational Grants Fund has a minimal fund balance because the fund primarily records activity related to cost reimbursement grants and contracts. Consequently, grant and contract revenues equal expenditures.

Small Cities Grant Program Fund

The fund balance of the Small Cities Grant Program Fund increased by \$18,420 during the current fiscal year. The increase is primarily related to program income received from the repayment of outstanding loans.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget consisted primarily of an appropriation of \$278,712 for the purchase of land development rights and an appropriation of \$40,000 for purchased services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets as of June 30, 2011 and 2010 totaled \$15,383,065 and \$15,048,113, respectively (net of accumulated depreciation). This investment in capital assets includes land and land development rights, buildings and improvements, machinery, equipment and vehicles and infrastructure assets such as roads and bridges. The total increase in the Town's investment in capital assets for the current fiscal year was \$334,952 or 2.2%, which consisted of capital additions of \$737,665 offset by current year depreciation and disposals.

**TOWN OF ASHFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

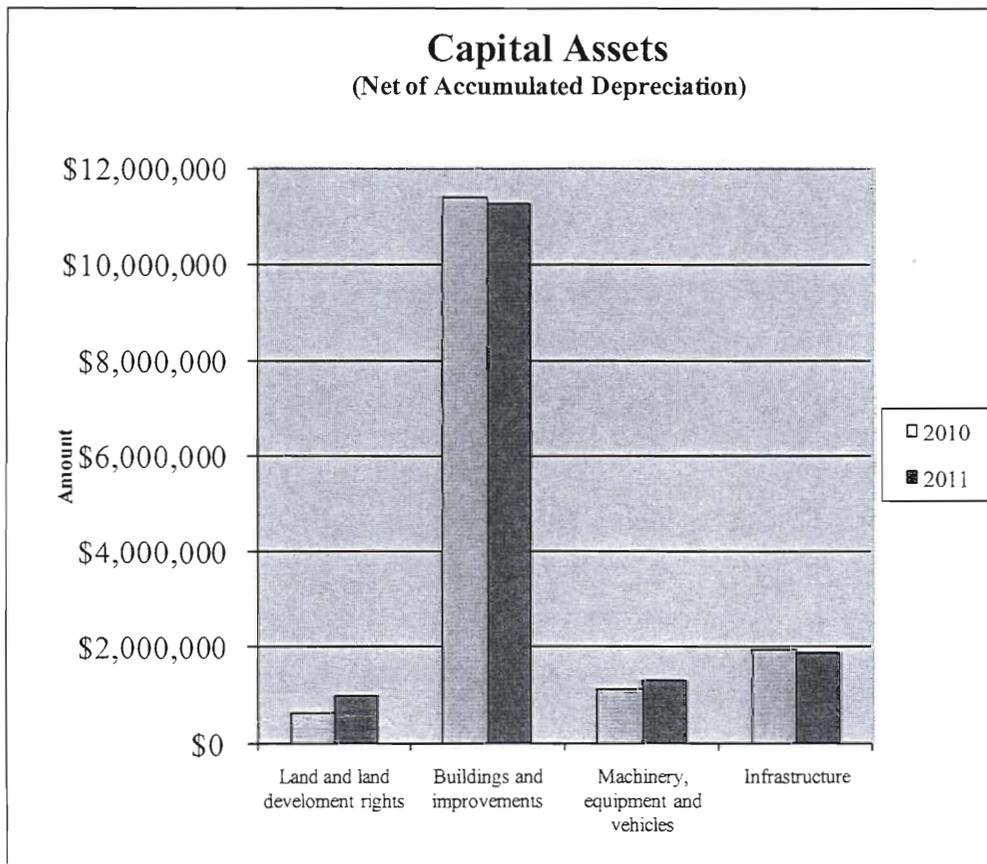
Capital Assets (Continued)

Major capital asset additions during the current fiscal year consisted of the following:

- the purchase of a used school bus in the amount of \$45,776 for the benefit of education;
- repairs totaling approximately \$141,000 to the Town's educational facility;
- the purchase of fire truck apparatus in the amount of \$105,125 for the benefit of public safety;
- the purchase of a vehicle and equipment in the amount of \$76,987 for the benefit of public works.

The following table is a two year comparison of the investment in capital assets:

	Governmental Activities	
	2011	2010
Land and land development rights	\$ 968,756	\$ 637,214
Buildings and improvements	11,240,278	11,391,721
Machinery, equipment and vehicles	1,310,554	1,102,911
Infrastructure	1,863,477	1,916,267
Totals	\$ 15,383,065	\$ 15,048,113



Additional information on the Town's capital assets can be found in Note 4 on pages 33 and 34 of this report.

**TOWN OF ASHFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

At the end of the current fiscal year, the Town had \$3,287,500 of long-term debt outstanding. The entire amount is comprised of debt backed by the full faith and credit of the Town. Total long-term debt decreased by \$387,500 or 10.5% due to scheduled debt service payments. The Town maintains an "AA" rating from Standard & Poor's and Fitch and an "Aa" rating from Moody's Investor Service for its general obligation debt.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$60,785,032, which is significantly in excess of the Town's outstanding long-term debt.

The following table is a two year comparison of long-term debt:

**Town of Ashford, Connecticut
Long- Term Debt
June 30, 2011 and 2010**

	Governmental Activities	
	2011	2010
Bonds payable	\$ 2,635,000	\$ 3,000,000
Note payable	652,500	675,000
Totals	\$ 3,287,500	\$ 3,675,000

Additional information on the Town's long-term debt can be found in Note 8 on pages 35 and 36 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- The unemployment rate for the Town compares favorably to the state's average unemployment rate of 9.0% and the national unemployment rate of 9.1%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for fiscal year 2011.

The Town has not assigned any portion of fund balance of the General Fund for spending in the 2012 fiscal year budget.

**TOWN OF ASHFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)***

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the First Selectman's Office, Town of Ashford, 5 Town Hall Road, Ashford, CT 06278.

Basic Financial Statements

TOWN OF ASHFORD, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,716,849
Investments	75,000
Receivables:	
Property taxes, net of allowance for uncollectibles of \$96,000	479,460
Interest on property taxes, net of allowance for uncollectibles of \$105,000	269,153
Grants and contracts	184,666
Other	20,289
Loans receivable, long-term	1,205,369
Capital assets:	
Non-depreciable	968,756
Depreciable, net	14,414,309
Total assets	20,333,851
LIABILITIES	
Accounts payable	119,785
Accrued liabilities:	
Salaries and benefits payable	290,158
Accrued interest	45,057
Unearned revenue	16,185
Noncurrent liabilities:	
Due within one year	390,017
Due in more than one year	2,935,050
Total liabilities	3,796,252
NET ASSETS	
Invested in capital assets, net of related debt	12,095,565
Restricted for:	
Endowments:	
Expendable	13,621
Nonexpendable	81,000
Planning and development	1,250,976
Unrestricted	3,096,437
Total net assets	\$ 16,537,599

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

**TOWN OF ASHFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 1,097,605	\$ 107,803	\$ 8,885	\$ (980,917)
Public safety	266,191	5,353	-	(260,838)
Public works	1,085,287	-	152,775	(827,548)
Health and welfare	90,804	-	-	(90,804)
Planning and development	168,115	-	214,215	46,100
Education	11,805,713	323,000	5,073,783	(6,408,930)
Library	184,001	2,070	9,806	(172,125)
Recreation	96,696	40,697	450	(55,549)
Interest expense	122,416	-	-	(122,416)
Total governmental activities	\$ 14,916,828	\$ 478,923	\$ 5,459,914	\$ (8,873,027)
General revenues:				
Property taxes, levied for general purposes				8,823,060
Grants and contributions not restricted to specific programs				89,124
Unrestricted investment earnings				26,700
Total general revenues				8,938,884
Change in net assets				65,857
Net assets - beginning, as originally reported				15,395,534
Adjustment (See Note 13)				1,076,208
Net assets - beginning, as adjusted				16,471,742
Net assets - ending				\$ 16,537,599

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

TOWN OF ASHFORD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS	General Fund	Capital Nonrecurring Fund	Educational Grants Fund	Small Cities Grant Program Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 2,428,807	\$ 125,793	\$ -	\$ 48,392	\$ 113,857	\$ 2,716,849
Investments	-	-	-	-	75,000	75,000
Receivables:						
Property taxes, net of allowance for doubtful accounts of \$96,000	479,460	-	-	-	-	479,460
Grants and contracts	-	52,989	21,771	-	9,494	84,254
Loans	-	-	-	1,205,369	-	1,205,369
Other	17,624	-	-	-	1,233	18,857
Due from other funds	68,590	608,967	-	-	107,056	784,613
Prepaid assets	1,406	-	-	-	26	1,432
Total assets	<u>\$ 2,995,887</u>	<u>\$ 787,749</u>	<u>\$ 21,771</u>	<u>\$ 1,253,761</u>	<u>\$ 306,666</u>	<u>\$ 5,365,834</u>

LIABILITIES AND FUND BALANCES

Liabilities:	General Fund	Capital Nonrecurring Fund	Educational Grants Fund	Small Cities Grant Program Fund	Other Governmental Funds	Total Governmental Funds
Accounts payable	\$ 117,341	\$ 125	\$ -	\$ -	\$ 1,319	\$ 118,785
Salaries and benefits payable	288,087	-	-	-	2,071	290,158
Due to other funds	717,023	-	8,129	-	60,461	785,613
Unearned/deferred revenue	446,946	-	13,400	1,208,154	-	1,668,500
Total liabilities	<u>\$ 1,569,397</u>	<u>\$ 125</u>	<u>\$ 21,529</u>	<u>\$ 1,208,154</u>	<u>\$ 63,851</u>	<u>\$ 2,863,056</u>

Fund Balances:

Nonspendable:						
Prepaid assets	1,406	-	-	-	26	1,432
Permanent fund principal	-	-	-	-	81,000	81,000
Restricted for:						
Planning and development	-	-	-	45,607	-	45,607
Other purposes	-	-	-	-	13,621	13,621
Committed to:						
Public safety	-	-	-	-	42,685	42,685
Education	-	-	242	-	53,992	54,234
Library	20,444	-	-	-	-	20,444
Recreation	-	-	-	-	21,644	21,644
Capital improvements	-	787,624	-	-	-	787,624
Other purposes	7,072	-	-	-	29,847	36,919
Assigned to:						
Other purposes	57,566	-	-	-	-	57,566
Unassigned	1,340,002	-	-	-	-	1,340,002
Total fund balances	<u>\$ 1,426,490</u>	<u>\$ 787,624</u>	<u>\$ 242</u>	<u>\$ 45,607</u>	<u>\$ 242,815</u>	<u>\$ 2,502,778</u>
Total liabilities and fund balances	<u>\$ 2,995,887</u>	<u>\$ 787,749</u>	<u>\$ 21,771</u>	<u>\$ 1,253,761</u>	<u>\$ 306,666</u>	<u>\$ 5,365,834</u>

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

TOWN OF ASHFORD, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances for governmental funds \$ 2,502,778

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land and land development rights	\$	968,756	
Buildings and improvements		14,051,483	
Machinery, equipment and vehicles		3,234,769	
Infrastructure		2,068,099	
Less: accumulated depreciation and amortization		(4,940,042)	
Total capital assets, net			15,383,065

Accrued interest on property taxes, net of the allowance for uncollectibles is not susceptible to accrual and therefore is not reported in the funds. 269,153

School construction grants receivable from the State of Connecticut are not susceptible to accrual and are therefore not reported in the funds. 100,412

Some of the Town's taxes and loans will be collected after year end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenue in the funds. 1,652,315

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.

Long-term debt:			
Bond and note payable		(3,287,500)	
Accrued interest payable		(45,057)	
Other long-term liabilities:			
Compensated absences		(37,567)	
Total long-term liabilities			(3,370,124)

Net assets of governmental activities \$ 16,537,599

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

**TOWN OF ASHFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Capital Nonrecurring Fund	Educational Grants Fund	Small Cities Grant Program Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 8,689,053	\$ -	\$ -	\$ -	\$ -	\$ 8,689,053
Intergovernmental	4,903,431	165,375	333,860	214,215	84,377	5,701,258
Charges for services	326,435	-	-	23,297	152,363	502,095
Investment earnings	24,301	1,354	-	-	1,045	26,700
Miscellaneous	31,967	15,000	-	-	1,386	48,353
Total revenues	<u>13,975,187</u>	<u>181,729</u>	<u>333,860</u>	<u>237,512</u>	<u>239,171</u>	<u>14,967,459</u>
EXPENDITURES						
Current:						
General government	769,204	-	-	-	5,859	775,063
Public safety	191,655	-	-	-	13,429	205,084
Public works	702,714	-	-	-	-	702,714
Health and welfare	58,853	-	-	-	-	58,853
Planning and development	101,356	-	-	219,092	-	320,448
Education	11,069,550	-	335,409	-	206,413	11,611,372
Library	178,828	-	-	-	-	178,828
Recreation	-	-	-	-	-	92,586
Employee benefits and insurance	403,711	-	-	-	-	403,711
Capital outlays	-	918,845	-	-	-	918,845
Debt service:						
Principal payments	387,500	-	-	-	-	387,500
Interest and fiscal charges	128,653	-	-	-	-	128,653
Total expenditures	<u>13,992,024</u>	<u>918,845</u>	<u>335,409</u>	<u>219,092</u>	<u>318,287</u>	<u>15,783,657</u>
Excess (deficiency) of revenues over expenditures	(16,837)	(737,116)	(1,549)	18,420	(79,116)	(816,198)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,169	278,712	-	-	87,000	367,881
Transfers out	(365,712)	-	-	-	(2,169)	(367,881)
Total other financing sources (uses)	<u>(363,543)</u>	<u>278,712</u>	<u>-</u>	<u>-</u>	<u>84,831</u>	<u>-</u>
Net change in fund balances	(380,380)	(458,404)	(1,549)	18,420	5,715	(816,198)
Fund balances - beginning, as adjusted (See Note 13)	1,806,870	1,246,028	1,791	27,187	237,100	3,318,976
Fund balances - ending	<u>\$ 1,426,490</u>	<u>\$ 787,624</u>	<u>\$ 242</u>	<u>\$ 45,607</u>	<u>\$ 242,815</u>	<u>\$ 2,502,778</u>

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

**TOWN OF ASHFORD, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds \$ (816,198)

Total change in net assets reported for governmental activities in the statement of activities is 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 and reported as depreciation expense. The amount by which capital outlays exceeded depreciation and amortization expense in the current period is as follows:

Expenditures for capital assets	\$ 737,665	
Depreciation and amortization expense	(402,213)	
Loss on disposal of capital assets	(500)	
Net adjustment		334,952

Interest on property taxes receivables are not susceptible to accrual and therefore are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year reduced revenues recognized in the funds. 146,638

Intergovernmental revenue on school construction grants is not susceptible to accrual and therefore is only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the grant receivable recognized in the government-wide statement of net assets. (105,899)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred revenues in governmental funds. This amount represents the change in deferred revenue. 126,820

The net OPEB asset is not susceptible to accrual and therefore is not reported in the funds. This amount represents the change in the net OPEB asset. (20,875)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The net effect of these differences in the treatment of long-term debt is as follows:

Principal repayments on bond and note payable 387,500

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Compensated absences	6,682	
Accrued interest	6,237	
		12,919

Change in net assets of governmental activities \$ 65,857

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

**TOWN OF ASHFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 8,653,226	\$ 8,653,226	\$ 8,689,053	\$ 35,827
Intergovernmental	4,493,378	4,493,378	4,429,766	(63,612)
Charges for services	340,103	340,103	324,365	(15,738)
Investment income	20,000	20,000	24,286	4,286
Miscellaneous revenue	52,208	52,208	23,680	(28,528)
Total revenues	<u>13,558,915</u>	<u>13,558,915</u>	<u>13,491,150</u>	<u>(67,765)</u>
EXPENDITURES				
Current:				
General government	837,876	845,076	767,140	(77,936)
Public safety	155,282	195,282	191,655	(3,627)
Public works	770,981	770,981	702,714	(68,267)
Health and welfare	48,595	50,445	49,089	(1,356)
Planning and development	125,140	125,140	111,120	(14,020)
Education	6,845,003	6,845,003	6,843,989	(1,014)
Education - Regional School District No. 19	3,743,520	3,743,520	3,753,465	9,945
Other	421,965	421,965	403,711	(18,254)
Debt service				
Principal payments	387,500	387,500	387,500	-
Interest and fiscal charges	128,653	128,653	128,653	-
Total expenditures	<u>13,464,515</u>	<u>13,513,565</u>	<u>13,339,036</u>	<u>(174,529)</u>
Excess of revenues over expenditures	94,400	45,350	152,114	106,764
OTHER FINANCING (SOURCES) USES				
Designation of fund balance	150,000	477,762	-	(477,762)
Transfers in	-	-	2,169	2,169
Transfers out	(244,400)	(523,112)	(523,112)	-
Total other financing uses, net	<u>(94,400)</u>	<u>(45,350)</u>	<u>(520,943)</u>	<u>(475,593)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(368,829)	<u>\$ (368,829)</u>
Fund balance - beginning			<u>1,767,465</u>	
Fund balance - ending			<u>\$ 1,398,636</u>	

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

TOWN OF ASHFORD, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Pension Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 47,473	\$ 26,036	\$ 53,350
Investments, at fair value:			
Certificates of deposit	101,666	4,813	-
U.S. Agencies securities	20,080	-	-
U.S. Treasury securities	42,616	-	-
Corporate and foreign bonds	95,570	-	-
Mutual funds	62,302	126,683	-
Equity securities	482,036	-	-
Contributions receivable:			
Employer	54,298	-	-
Other	-	-	1,280
Due from other funds	-	-	7,580
Total assets	<u>906,041</u>	<u>157,532</u>	<u>\$ 62,210</u>
LIABILITIES			
Accounts payable	-	-	\$ 2,382
Due to other funds	-	6,580	-
Due to others	-	-	59,828
Total liabilities	<u>-</u>	<u>6,580</u>	<u>\$ 62,210</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>\$ 906,041</u>	<u>\$ 150,952</u>	

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

**TOWN OF ASHFORD, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	Pension Trust Fund	Private Purpose Trust Funds
	<u> </u>	<u> </u>
ADDITIONS	-	
Contributions:		
Employer	\$ 54,298	\$ -
Contributions	-	25
Total contributions	<u>54,298</u>	<u>25</u>
Investment earnings:		
Interest and dividends	22,941	3,986
Net increase in the fair value of investments	<u>79,299</u>	<u>17,137</u>
Total investment earnings	102,240	21,123
Less: investment expense	<u>4,682</u>	<u>1,333</u>
Net investment earnings	<u>97,558</u>	<u>19,790</u>
Total additions	<u>151,856</u>	<u>19,815</u>
 DEDUCTIONS		
Benefit payments	<u>-</u>	<u>25,875</u>
Total deductions	<u>-</u>	<u>25,875</u>
Change in net assets	151,856	(6,060)
Net assets - beginning	<u>754,185</u>	<u>157,012</u>
Net assets - ending	<u>\$ 906,041</u>	<u>\$ 150,952</u>

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

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Ashford, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

FINANCIAL REPORTING ENTITY

The Town of Ashford, Connecticut was settled in 1714 and covers 39.5 square miles located in Windham County. The Town operates under a Board of Selectmen, Town Meeting and Board of Finance form of government and provides the following services as authorized by its charter: public safety, public works, health and welfare services, recreation, education, planning and development, and general administrative services.

The legislative power of the Town is with the Board of Selectmen and Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The basic financial statements of the reporting entity include only the funds of the Town as no component units exist based on operational or financial relationships with the Town.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

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

Capital Nonrecurring Fund - This fund is used to account for the revenues and expenditures relating to capital construction, repairs and purchases.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Educational Grants Fund - This fund is used to account for the financial resources to be used for educational grants received from the state and federal government. Revenues in this fund include grant and related revenues restricted to allowable expenditure per the grant agreement.

Small Cities Grant Program Fund - This fund is used to account for program income received from federal and state funded loans repaid to the Town and expenditures made on new loans.

In addition, the Town reports the following fiduciary fund types:

Private Purpose Trust Fund - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town utilizes private purpose trust funds to account for activities of funds held in trust for student scholarships.

Pension Trust Fund - This fund is used to account for the activities of the Town Employees' Retirement System, which accumulates resources for retirement benefit payments to qualified employees.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which have no measurement focus. 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

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected 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 period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY

Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased.

Investments

In accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Town presents all investments at fair value.

The fair value of investments traded on public markets is determined using quoted market prices. The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office. In addition, the Town invests in the Cooperative Liquid Assets Security Systems Fund (CLASS), which is an investment pool managed by Cutwater Asset Management. The fair value of the Town's position in these pools is the same as the value of the pool shares.

Donor-restricted Endowments

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective October 1, 2007. UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

Property Taxes

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes of \$96,000 as of June 30, 2011.

Loans Receivable

The Town administers a Residential Rehabilitation Loan Program for low to moderate income families. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2011, the outstanding loans receivable totaled \$1,205,369 under this program.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 for machinery, equipment and vehicles, \$20,000 for land, building and improvements and \$100,000 for infrastructure, 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10-100
Machinery, equipment and vehicles	7-30
Infrastructure	20-100

Unearned/Deferred Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

Compensated Absences

Town employees may accumulate unused vacation and sick pay benefits ("compensated absences"). All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources.

Long-term Obligations

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

In the fund financial statements, governmental funds 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.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Fund Equity

The government-wide statement of net assets presents the Town's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt - This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net assets - This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This category consists of net assets which do not meet the definition of the two preceding categories.

During the year ended June 30, 2011, the Town implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes criteria for classifying fund balances into specifically defined classifications for all governments that report governmental funds. The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Finance (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. The formal action required to be taken by the Board of Finance to commit fund balance includes formal voting procedures regulated by the Town Charter, which is consistent with the Town's budgeting procedures as described in Note 2.

Assigned - Amounts are constrained by the Town's intent to be used for specific purposes, but are not restricted or committed. The Board of Finance has delegated the responsibility to assign funds to management of the Town, with the exception of those amounts assigned by the Board of Finance during the Town's annual budgeting process as described in Note 2.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

The Town does not have a formal policy over the use of net assets or fund balance. In accordance with the applicable accounting guidance, when both restricted and unrestricted resources are available for use, it is assumed that the Town will use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTERFUND ACTIVITIES

Interfund activities are reported as follows:

Interfund 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".

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 2 - BUDGETARY INFORMATION

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements in accordance with provisions of its Charter and Connecticut General Statutes.

- A budget for the General Fund is authorized annually by the Board of Finance. The Board of Finance follows these procedures in establishing the budgetary data reflected in the General Fund financial statements:
 - The citizens of the Town vote on the recommended budget
 - The Board of Finance sets the tax rate for the fiscal year
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established by function and department. Transfers of budgeted amounts between departments must be approved by the Board of Finance. Management may transfer amounts between line items within a department. Additional appropriation requests are submitted by the department heads to the Board of Selectmen. The Board of Selectmen acts on the requests, which, if approved are sent to the Board of Finance. The Board of Finance may approve additional appropriations for a department, provided such additional appropriations do not exceed \$20,000 or are not a second request for an appropriation by the asking board, commission or department. Appropriations in excess of the amount which the Board of Finance may approve or a second request by the requesting board, commission or department, must be approved by vote of a Town Meeting. During the year ended June 30, 2011, the Board of Finance and Town Meetings approved additional appropriations from fund balance of \$327,762.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on the modified accrual basis of accounting.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- All unexpended appropriations lapse at year-end, except those for the Capital Nonrecurring Fund. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 2 - BUDGETARY INFORMATION (Continued)

Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). The differences consist of payments made by the State of Connecticut "on-behalf" of the Town into the State Teacher's Retirement System, which are not recorded for budgetary purposes, and additional revenues and expenditures pertaining to other Town funds, which are not budgeted for by the Town due to perspective differences. A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2011

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance</u>
Budgetary basis	\$ 13,491,150	\$ 13,339,036	\$ (520,943)	\$ (368,829)	\$ 1,398,636
"On-behalf" payments - State Teachers Retirement Fund	472,096	472,096	-	-	-
Babcock Library Fund	11,890	178,828	157,400	(9,538)	20,782
Other Funds	51	2,064	-	(2,013)	7,072
GAAP basis	<u>\$ 13,975,187</u>	<u>\$ 13,992,024</u>	<u>\$ (363,543)</u>	<u>\$ (380,380)</u>	<u>\$ 1,426,490</u>

EXPENDITURES WHICH EXCEED APPROPRIATIONS

As discussed above, the legal level of control at which expenditures may not legally exceed appropriations is at the department level. During the year ended June 30, 2011, expenditures for Regional School District No. 19, of which the Town is a member, exceeded appropriations in the amount of \$9,945.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2011, the carrying amount of the Town's cash deposits totaled \$2,940,965. As of June 30, 2011, \$1,753,863 of the Town's bank balance of \$3,261,793 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,578,477
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	175,386
	<u>\$ 1,753,863</u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

CASH DEPOSITS (Continued)

Investments in STIF, CLASS and money market mutual funds totaling \$84,222 are included in cash and cash equivalents in the accompanying statement of net assets. For purposes of disclosure, such amounts are considered investments and are included in the disclosure of investments. Furthermore, investments totaling \$181,479 in certain certificates of deposit are included in investments in the accompanying statement of net assets, but are considered cash deposits for purposes of disclosure.

A reconciliation of the Town's cash deposits as of June 30, 2011 is as follows:

Government-wide statement of net assets:	
Cash and cash equivalents	\$ 2,716,849
Statement of fiduciary net assets:	
Cash and cash equivalents	126,859
	2,843,708
Add: certificates of deposit classified as investments	181,479
Less: investments classified as cash equivalents	(84,222)
Total cash deposits	\$ 2,940,965

INVESTMENTS

As of June 30, 2011, the Town's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1 to 5	6 to 10
Debt Securities:				
Short-term Investment Fund (STIF)	\$ 405	\$ 405	\$ -	\$ -
Cooperative Liquid Asset Security System (CLASS)	60,461	60,461	-	-
Money market mutual funds	23,356	23,356	-	-
Corporate and foreign bonds	95,570	-	31,063	64,507
U.S. Agencies securities	20,080	-	20,080	-
U.S. Treasury securities	42,616	-	18,399	24,217
	242,488	\$ 84,222	\$ 69,542	\$ 88,724
Other Investments:				
Mutual funds	188,985			
Equity securities	482,036			
	\$ 913,509			

Because STIF, CLASS and the money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

A reconciliation of the Town's investments as of June 30, 2011 are as follows:

Government-wide statement of net assets:	
Investments	\$ 75,000
Statement of fiduciary net assets:	
Investments	935,766
	<u>1,010,766</u>
Less: certificates of deposit classified as investments	(181,479)
Add: investments classified as cash equivalents	84,222
	<u>\$ 913,509</u>

Interest Rate Risk

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

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in 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; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. 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, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Town's investments in debt securities were rated by Standard & Poor's as follows at June 30, 2011:

Debt Securities	Fair Value	AAA	AA	A	BBB	Unrated
Short-term Investment Fund (STIF)	\$ 405	\$ 405	\$ -	\$ -	\$ -	\$ -
Cooperative Liquid Asset Security System (CLASS)	60,461	60,461	-	-	-	-
Money market mutual funds	23,356	-	-	-	-	23,356
Corporate and foreign bonds	95,570	-	11,466	50,567	33,537	-
U.S. Agencies securities	20,080	20,080	-	-	-	-
	<u>\$ 199,872</u>	<u>\$ 80,946</u>	<u>\$ 11,466</u>	<u>\$ 50,567</u>	<u>\$ 33,537</u>	<u>\$ 23,356</u>

No credit risk disclosures are required for U.S. Treasury securities.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, 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. The Town's investments in STIF, CLASS and money market mutual funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The Town's remaining investments are not exposed to custodial credit risk at June 30, 2011.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. The Town's investment in CLASS represents the only individual holding which exceeded 5% of the Town's total investments as of June 30, 2011.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land and land development rights	\$ 637,214	\$ 331,542	\$ -	\$ 968,756
Total capital assets, not being depreciated	<u>637,214</u>	<u>331,542</u>	<u>-</u>	<u>968,756</u>
Capital assets, being depreciated:				
Buildings and improvements	14,033,758	17,725	-	14,051,483
Machinery, equipment and vehicles	2,881,409	388,398	(35,038)	3,234,769
Infrastructure	2,068,099	-	-	2,068,099
Total capital assets, being depreciated	<u>18,983,266</u>	<u>406,123</u>	<u>(35,038)</u>	<u>19,354,351</u>
Less accumulated depreciation for:				
Buildings and improvements	2,642,037	169,168	-	2,811,205
Machinery, equipment and vehicles	1,778,498	180,255	(34,538)	1,924,215
Infrastructure	151,832	52,790	-	204,622
Total accumulated depreciation	<u>4,572,367</u>	<u>402,213</u>	<u>(34,538)</u>	<u>4,940,042</u>
Total capital assets, being depreciated, net	<u>14,410,899</u>	<u>3,910</u>	<u>(500)</u>	<u>14,414,309</u>
Governmental activities capital assets, net	<u>\$ 15,048,113</u>	<u>\$ 335,452</u>	<u>\$ (500)</u>	<u>\$ 15,383,065</u>

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS (Continued)

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

Governmental Activities:

General government	\$ 70,195
Public safety	33,633
Public works	75,520
Health and welfare	31,951
Library	5,173
Recreation	4,110
Education	181,631
Total depreciation expense - governmental activities	<u>\$ 402,213</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	\$ 60,461
	Educational Grant Fund	8,129
		<u>68,590</u>
Capital Nonrecurring Fund	General Fund	608,967
Other Governmental Funds	General Fund	107,056
		<u>\$ 784,613</u>
Fiduciary Funds		
Fiduciary Funds	General Fund	\$ 1,000
	Fiduciary Funds	6,580
		<u>\$ 7,580</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	\$ 2,169
Capital and Nonrecurring Fund	General Fund	278,712
Other Governmental Funds	General Fund	87,000
		<u>\$ 367,881</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - UNEARNED/DEFERRED REVENUE

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. The components of deferred revenue and unearned revenue are as follows as of June 30, 2011:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 446,946	\$ -
Grant draw downs prior to meeting eligibility requirements	-	16,185
Long-term portion of loans receivable	1,205,369	-
	<u>\$ 1,652,315</u>	<u>\$ 16,185</u>

NOTE 8 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bond and note payable	\$ 3,675,000	\$ -	\$ (387,500)	\$ 3,287,500	\$ 382,500
Other liabilities:					
Compensated absences	44,249	-	(6,682)	37,567	7,517
	<u>\$ 3,719,249</u>	<u>\$ -</u>	<u>\$ (394,182)</u>	<u>\$ 3,325,067</u>	<u>\$ 390,017</u>

Long-term obligations have typically have been liquidated by the General Fund.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

BOND AND NOTE PAYABLE

A summary of bond and note payable outstanding at June 30, 2011 is as follows:

<u>Bond Issue</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities					
Bond and Note Payable					
General obligation improvement bond	2003	\$ 4,795,000	2023	2%-4.5%	\$ 2,635,000
USDA - Rural development note	2000	\$ 900,000	2040	4.75%	652,500
					\$ 3,287,500

Annual debt service requirements to maturity on the bond and the note payable are as follows as of June 30, 2011:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	
	<u>Bond and Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 382,500	\$ 116,709
2013	232,500	107,090
2014	232,500	99,721
2015	232,500	92,222
2016	232,500	84,407
2017-2021	1,137,500	296,889
2022-2026	522,500	107,245
2027-2031	112,500	64,125
2032-2036	112,500	37,406
2037-2040	90,000	10,688
	\$ 3,287,500	\$ 1,016,502

The Town is contingently liable for its pro-rata share of Regional School District No. 19's (the "District") outstanding bonds. At June 30, 2011, the District's total outstanding bonds were \$14,387,000 of which \$8,559,116 is to be reimbursed by the State of Connecticut. The remaining balance of \$5,827,884 represents the District's net obligation with 21.12%, or \$1,230,849, representing the Town of Ashford's share. Regional School District No. 19 has no authorized, unissued bonds, for which the Town of Ashford would be contingently liable.

SCHOOL BOND REIMBURSEMENTS

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2011 was \$105,899. A final reimbursement of \$100,412 is expected to be received by the Town during the year ended June 30, 2012.

LEGAL DEBT LIMIT

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$60,785,032 as of June 30, 2011. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2011.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 9 - RETIREMENT PLANS

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The faculty and professional personnel of the Town's Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual town basis. For the year ended June 30, 2011, Town teachers contributed \$215,264 to the plan and covered payroll for the year was \$2,969,159.

The Town has reported "on-behalf" payments of \$472,096 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

TOWN OF ASHFORD RETIREMENT PLAN

The Town established a single employer defined contribution plan (the "Plan") to provide retirement benefits for all of its full-time employees. Under the provisions of the Plan, all full-time employees (except those covered under a comparable employer plan) may participate. The Town is required to contribute an amount equal to 7% of employee covered payroll. Plan participants are not required to contribute to the Plan.

The Plan does not issue stand alone financial statements and is part of the Town's financial reporting entity since the Town has trustee responsibilities related to the participant accounts which contain employer contributions. As such, the Plan is accounted for in the fiduciary fund financial statements as a pension trust fund.

The Plan is accounted for using the accrual basis of accounting. Town contributions are recognized when due and the Town has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Employer contributions totaled \$54,298 for the year ended June 30, 2011.

Contribution requirements of the Town are established and may be amended by the Board.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Town's Board of Education administers one single-employer defined benefit healthcare plan (the "Plan"). The Plan provides healthcare and dental insurance benefits for all eligible Board of Education retirees and their spouses through the Board of Education's group healthcare and dental insurance plans. Benefits provisions are established by contract and may be amended by union negotiations each three-year bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Funding Policy

Contribution requirements of the participants and the Town are established by and may be amended through negotiations between the Town and the union representing the employees. Currently, participants are required to contribute 100% of their healthcare and dental premiums to the Town, less any reimbursements received by the Town from the State Retirement Board. The Town pays the benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), which is an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Town's annual OPEB cost is entirely attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to premium rates offered to the Town's active employees.

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed by the Town for such benefits, and changes in the Town's net OPEB asset.

Annual required contribution	\$ 36,201
Interest on net OPEB asset	-
Annual OPEB cost (expense)	<u>36,201</u>
Contributions made	<u>15,326</u>
Change in net OPEB asset	20,875
Net OPEB asset, beginning of year	<u>(20,875)</u>
Net OPEB asset, end of year	<u><u>\$ -</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB asset for 2011 and 2010 is as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
2011	\$ 36,201	42%	\$ -
2010	28,439	173%	20,875

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Funded Status and Funding Progress

The funded status of the benefit obligation as of July 1, 2008 (the date of the most recent actuarial valuation) was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 270,629	\$ 270,629	0%	N/A	N/A

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive Plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing of benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and Plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2008
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Dollar
Remaining amortization period:	10 years
Asset valuation method:	Fair Value
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	3.50%
Healthcare cost trend rate	10.00% (Initial)
	5.00% (Final)

TOWN OF ASHFORD, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except workers' compensation insurance for which it participates in a risk pool. During 2011, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years.

The Town is currently a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the CGS, for workers' compensation coverage. CIRMA has approximately 215 members in the workers' compensation pool. The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence.

For the policy year 2010-2011, the Town paid approximately \$73,000 in premiums.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

There are several legal matters pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

NOTE 13 - ADJUSTMENTS

In February 2009, the Governmental Accounting Standards Board ("GASB") issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("Statement No. 54"). Statement No. 54 clarified the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type. The application of Statement No. 54 was effective for the Town as of July 1, 2010. Based on the interpretations of certain terms within the definition of the special revenue fund type provided for in Statement No. 54, the Town has determined that certain activities previously reported in special revenue funds are required to be reported in other fund types. Accordingly, fund balance reclassifications made by the Town have resulted in an increase in the beginning fund balance of the Town's General Fund in the amount of \$39,405 and a corresponding decrease in the beginning fund balance of the Town's Other Governmental Funds in order to conform to the provisions of Statement No. 54.

The Town has adjusted its government-wide net assets as of June 30, 2010 to record receivables for loans made in prior years under the Town's Residential Rehabilitation Loan Program. The cumulative effect of the adjustment resulted in an increase in the Town's government-wide net assets in the amount of \$1,076,208. The effect of the adjustment on the Town's change in net assets for the year ended June 30, 2010 is not readily determinable.

**Required
Supplementary
Information**

**TOWN OF ASHFORD, CONNECTICUT
PUBLIC EMPLOYEE SYSTEM SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

Actuarial Valuation Date	Fiscal Year	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a
							Percentage of Covered Payroll ((B-A)/C)
Other Post-Employment Benefit Plan *							
July 1, 2008	2009	\$ -	\$ 270,629	\$ 270,629	0%	N/A	N/A

* - The Town is required to obtain an actuarial valuation every three years.

Combining and Individual Fund Statements and Schedules

General Fund

**TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PROPERTY TAXES				
Current year tax collections	\$ 8,482,756	\$ 8,482,756	\$ 8,472,926	\$ (9,830)
Prior year tax collections	70,000	70,000	85,706	15,706
Tax interest and liens	38,000	38,000	60,651	22,651
Motor vehicle supplement	52,000	52,000	59,142	7,142
Telephone access line	10,295	10,295	10,290	(5)
Miscellaneous	175	175	338	163
TOTAL PROPERTY TAXES	8,653,226	8,653,226	8,689,053	35,827
INTERGOVERNMENTAL REVENUES				
Education cost sharing assistance	3,340,490	3,340,490	3,317,583	(22,907)
Stabilization funds, Recovery Act	555,579	555,579	555,833	254
Special education	324,000	324,000	262,329	(61,671)
School building grant	105,899	105,899	105,899	-
Town aid road grant	75,411	75,411	77,364	1,953
Transportation	34,223	34,223	49,957	15,734
Mohegan-Pequot grant	21,145	21,145	22,011	866
Tax relief for the elderly	14,000	14,000	16,879	2,879
Payment in lieu of taxes - AHA	10,000	10,000	11,166	1,166
Payment in lieu of taxes	6,051	6,051	6,086	35
Tax relief for machinery, equipment and commercial vehicles	4,800	4,800	2,843	(1,957)
Tax relief for veteran exemptions	1,000	1,000	975	(25)
Tax relief for disability exemptions	600	600	661	61
Aircraft reimbursement	180	180	180	-
TOTAL INTERGOVERNMENTAL REVENUES	4,493,378	4,493,378	4,429,766	(63,612)
CHARGES FOR SERVICES				
Transportation - E.O. Smith	215,153	215,153	215,150	(3)
Building licenses and permits	26,500	26,500	33,936	7,436
Conveyance tax	20,000	20,000	29,608	9,608
Recording fees	16,000	16,000	20,262	4,262
Open space recapture tax	2,000	2,000	8,104	6,104
BOE - bus garage usage	6,000	6,000	5,910	(90)
Copies of records	4,000	4,000	4,399	399
Miscellaneous	50	50	3,815	3,765
Zoning permits	2,000	2,000	1,455	(545)
Dog licenses	600	600	547	(53)
Wetlands permits	1,500	1,500	498	(1,002)
Recycling and transfer station	10,000	10,000	471	(9,529)
Hunting and fishing licenses	8,000	8,000	200	(7,800)
Marriage licenses	300	300	10	(290)
P&Z - reimbursements for services	5,000	5,000	-	(5,000)
Copies - certified & vitals	1,800	1,800	-	(1,800)
Records restoration	1,200	1,200	-	(1,200)
Public Act 05-228	20,000	20,000	-	(20,000)
TOTAL CHARGES FOR SERVICES	340,103	340,103	324,365	(15,738)

TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
INVESTMENT INCOME	\$ 20,000	\$ 20,000	\$ 24,286	4,286
OTHER REVENUES				
Miscellaneous	20,000	20,000	5,647	(14,353)
Level 3 Communications, LLC	21,028	21,028	18,033	(2,995)
Verizon Wireless	6,826	6,826	-	(6,826)
Sprint Spectrum Co. LP	4,354	4,354	-	(4,354)
TOTAL OTHER REVENUES	<u>52,208</u>	<u>52,208</u>	<u>23,680</u>	<u>(28,528)</u>
 TOTAL REVENUES	 <u>13,558,915</u>	 <u>13,558,915</u>	 <u>13,491,150</u>	 <u>(67,765)</u>
OTHER FINANCING SOURCES				
Transfer in - 300th Anniversary Fund	-	-	2,169	2,169
Designation of fund balance	150,000	477,762	-	(477,762)
TOTAL OTHER FINANCING SOURCES	<u>150,000</u>	<u>477,762</u>	<u>2,169</u>	<u>(475,593)</u>
 TOTAL REVENUES AND OTHER FINANCING SOURCES	 <u>\$ 13,708,915</u>	 <u>\$ 14,036,677</u>	 <u>\$ 13,493,319</u>	 <u>\$ (543,358)</u>

**TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT	-			
Board of Selectmen:				
Salaries and wages	\$ 94,931	\$ 94,931	\$ 94,881	\$ (50)
Purchased services	5,260	5,260	3,015	(2,245)
Supplies and materials	550	550	394	(156)
Other	510	510	433	(77)
Total Board of Selectman	<u>101,251</u>	<u>101,251</u>	<u>98,723</u>	<u>(2,528)</u>
Town Council:				
Professional and tech services	<u>50,000</u>	<u>50,000</u>	<u>26,366</u>	<u>(23,634)</u>
Data Processing and Contracted Services	<u>24,760</u>	<u>24,760</u>	<u>21,361</u>	<u>(3,399)</u>
Knowlton Hall Operations and Maintenance:				
Property services	14,250	14,250	14,274	24
Purchased services	1,550	1,550	1,673	123
Supplies and materials	10,000	10,000	9,414	(586)
Total Knowlton Hall Operations and Maintenance	<u>25,800</u>	<u>25,800</u>	<u>25,361</u>	<u>(439)</u>
Town Hall Operations and Maintenance:				
Property services	26,900	26,900	24,966	(1,934)
Purchased services	20,200	20,200	20,279	79
Supplies and materials	9,900	9,900	7,540	(2,360)
Total Town Hall Operations and Maintenance	<u>57,000</u>	<u>57,000</u>	<u>52,785</u>	<u>(4,215)</u>
Board of Finance:				
Salaries and wages	1,330	1,330	975	(355)
Professional and tech services	27,010	27,010	27,650	640
Purchased services	3,300	3,300	638	(2,662)
Supplies and materials	450	450	307	(143)
Total Board of Finance	<u>32,090</u>	<u>32,090</u>	<u>29,570</u>	<u>(2,520)</u>
Assessors Office:				
Salaries and wages	84,990	84,990	84,990	-
Purchased services	13,240	13,240	12,353	(887)
Supplies and materials	650	650	998	348
Total Assessors Office	<u>98,880</u>	<u>98,880</u>	<u>98,341</u>	<u>(539)</u>
Board of Assessment Appeals:				
Salaries and wages	780	780	780	-
Purchased services	225	225	84	(141)
Supplies and materials	30	30	-	(30)
Total Board of Assessment Appeals	<u>1,035</u>	<u>1,035</u>	<u>864</u>	<u>(171)</u>

TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT (Continued)			-	
Tax Collector:				
Salaries and wages	\$ 75,753	\$ 75,753	\$ 75,242	\$ (511)
Property services	355	355	353	(2)
Purchased services	11,165	11,165	10,399	(766)
Supplies and materials	1,450	1,450	1,088	(362)
Other	5,818	5,818	4,388	(1,430)
Total Tax Collector	<u>94,541</u>	<u>94,541</u>	<u>91,470</u>	<u>(3,071)</u>
Finance Department:				
Salaries and wages	75,914	75,914	76,027	113
Professional and tech services	2,400	2,400	2,112	(288)
Purchased services	5,241	5,241	4,900	(341)
Supplies and materials	1,200	1,200	1,148	(52)
Total Finance Department	<u>84,755</u>	<u>84,755</u>	<u>84,187</u>	<u>(568)</u>
Election Expense:				
Salaries and wages	13,000	20,200	20,041	(159)
Professional and tech services	4,000	4,000	1,658	(2,342)
Property services	200	200	95	(105)
Purchased services	2,450	2,450	3,167	717
Supplies and materials	2,400	2,400	1,320	(1,080)
Total Election Expense	<u>22,050</u>	<u>29,250</u>	<u>26,281</u>	<u>(2,969)</u>
Town Clerk:				
Salaries and wages	80,081	80,081	79,560	(521)
Property services	3,525	3,525	2,975	(550)
Purchased services	22,120	22,120	20,012	(2,108)
Supplies and materials	4,250	4,250	3,737	(513)
Other	28,654	28,654	-	(28,654)
Total Town Clerk	<u>138,630</u>	<u>138,630</u>	<u>106,284</u>	<u>(32,346)</u>
Earl Smith Senior Center:				
Salaries and wages	26,779	26,779	26,779	-
Property services	9,410	9,410	11,246	1,836
Purchased services	7,850	7,850	6,323	(1,527)
Supplies and materials	7,700	7,700	7,630	(70)
Equipment	250	250	-	(250)
Total Earl Smith Senior Center	<u>51,989</u>	<u>51,989</u>	<u>51,978</u>	<u>(11)</u>
Town Property Operations/Maintenance:				
Salaries and wages	37,345	37,345	37,957	612
Property services	12,150	12,150	12,182	32
Purchased services	4,500	4,500	2,876	(1,624)
Supplies and materials	1,100	1,100	554	(546)
Total Town Property Operations/Maintenance	<u>55,095</u>	<u>55,095</u>	<u>53,569</u>	<u>(1,526)</u>
TOTAL GENERAL GOVERNMENT	<u>837,876</u>	<u>845,076</u>	<u>767,140</u>	<u>(77,936)</u>

TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PUBLIC SAFETY				
Emergency Services:				
Salaries and wages	\$ 13,047	\$ 13,047	\$ 13,047	\$ -
Professional and tech services	375	375	-	(375)
Property services	610	610	735	125
Purchased services	4,210	44,210	40,953	(3,257)
Supplies and materials	100	100	-	(100)
Equipment	20	20	-	(20)
Other	136,920	136,920	136,920	-
Total Emergency Services	<u>155,282</u>	<u>195,282</u>	<u>191,655</u>	<u>(3,627)</u>
TOTAL PUBLIC SAFETY	<u>155,282</u>	<u>195,282</u>	<u>191,655</u>	<u>(3,627)</u>
PUBLIC WORKS				
Maintenance of Equipment:				
Property services	7,750	7,750	6,672	(1,078)
Supplies and materials	63,000	63,000	63,685	685
Total Maintenance of Equipment	<u>70,750</u>	<u>70,750</u>	<u>70,357</u>	<u>(393)</u>
Public Works Administration:				
Salaries and wages	277,112	277,112	262,118	(14,994)
Purchased services	400	400	35	(365)
Total Public Works Administration	<u>277,512</u>	<u>277,512</u>	<u>262,153</u>	<u>(15,359)</u>
Roads and Bridges:				
Property services	12,500	12,500	5,599	(6,901)
Supplies and materials	126,300	126,300	130,310	4,010
Total Roads and Bridges	<u>138,800</u>	<u>138,800</u>	<u>135,909</u>	<u>(2,891)</u>
Building, Maintenance and Repair:				
Property services	14,510	14,510	13,617	(893)
Purchased services	4,045	4,045	2,632	(1,413)
Supplies and materials	11,225	11,225	9,145	(2,080)
Total Building, Maintenance and Repair	<u>29,780</u>	<u>29,780</u>	<u>25,394</u>	<u>(4,386)</u>
Recycling Center:				
Salaries and wages	47,989	47,989	47,306	(683)
Professional and tech services	750	750	203	(547)
Property services	203,200	203,200	158,822	(44,378)
Purchased services	400	400	399	(1)
Supplies and materials	1,000	1,000	576	(424)
Other	800	800	1,595	795
Total Recycling Center	<u>254,139</u>	<u>254,139</u>	<u>208,901</u>	<u>(45,238)</u>
TOTAL PUBLIC WORKS	<u>770,981</u>	<u>770,981</u>	<u>702,714</u>	<u>(68,267)</u>

TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
HEALTH & WELFARE				
Ashford Historical Society	\$ 260	\$ 260	\$ 339	\$ 79
Agent for the Elderly	1,485	1,485	704	(781)
Commission on Aging	500	500	495	(5)
Probate Court:				
Properly services	200	200	-	(200)
Purchased services	950	950	714	(236)
Supplies and materials	330	330	107	(223)
Total Probate Court	1,480	1,480	821	(659)
Contributions to Other Agencies	44,870	46,720	46,730	10
TOTAL HEALTH & WELFARE	48,595	50,445	49,089	(1,356)
PLANNING AND DEVELOPMENT				
Planning and Zoning:				
Salaries and wages	15,394	15,394	14,419	(975)
Professional and tech services	3,000	3,000	1,037	(1,963)
Purchased services	1,700	1,700	891	(809)
Supplies and materials	1,600	1,600	1,371	(229)
Other	2,000	2,000	-	(2,000)
Total Planning and Zoning	23,694	23,694	17,718	(5,976)
Zoning Board of Appeals:				
Purchased services	1,380	1,380	270	(1,110)
Inland Wetlands:				
Salaries and wages	7,827	7,827	7,377	(450)
Professional and tech services	7,000	7,000	8,032	1,032
Purchased services	2,350	2,350	335	(2,015)
Supplies and materials	650	650	456	(194)
Other	800	800	-	(800)
Total Inland Wetlands	18,627	18,627	16,200	(2,427)
Water Pollution Control:				
Purchased services	30	30	-	(30)
Supplies and materials	10	10	-	(10)
Equipment	10	10	-	(10)
Total Water Pollution Control	50	50	-	(50)
Conservation Commission:				
Purchased services	700	700	550	(150)
Supplies and materials	1,200	1,200	301	(899)
Equipment	200	200	-	(200)
Total Conservation Commission	2,100	2,100	851	(1,249)

TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PLANNING AND DEVELOPMENT (Continued)				
Economic Development:				
Salaries and wages	\$ 900	\$ 900	\$ 75	\$ (825)
Professional and tech services	550	550	707	157
Purchased services	350	350	726	376
Supplies and materials	225	225	493	268
Total Economic Development	<u>2,025</u>	<u>2,025</u>	<u>2,001</u>	<u>(24)</u>
Building Department:				
Salaries and wages	60,589	60,589	58,733	(1,856)
Professional and tech services	500	500	500	-
Purchased services	3,200	3,200	2,747	(453)
Supplies and materials	1,000	1,000	1,499	499
Other	1,000	1,000	837	(163)
Total Building Department	<u>66,289</u>	<u>66,289</u>	<u>64,316</u>	<u>(1,973)</u>
Sexton:				
Salaries and wages	2,400	2,400	2,400	-
Purchased services	7,525	7,525	7,364	(161)
Supplies and materials	1,050	1,050	-	(1,050)
Total Sexton	<u>10,975</u>	<u>10,975</u>	<u>9,764</u>	<u>(1,211)</u>
TOTAL PLANNING AND DEVELOPMENT	<u>125,140</u>	<u>125,140</u>	<u>111,120</u>	<u>(14,020)</u>
EDUCATION				
Ashford Board of Education	6,845,003	6,845,003	6,843,989	(1,014)
Regional School District No. 19	3,743,520	3,743,520	3,753,465	9,945
TOTAL EDUCATION	<u>10,588,523</u>	<u>10,588,523</u>	<u>10,597,454</u>	<u>8,931</u>
OTHER				
Employee Benefits	393,965	393,965	378,378	(15,587)
Insurance	28,000	28,000	25,333	(2,667)
TOTAL OTHER	<u>421,965</u>	<u>421,965</u>	<u>403,711</u>	<u>(18,254)</u>
DEBT SERVICE				
Principal	387,500	387,500	387,500	-
Interest	128,653	128,653	128,653	-
TOTAL DEBT SERVICE	<u>516,153</u>	<u>516,153</u>	<u>516,153</u>	<u>-</u>
TOTAL EXPENDITURES	<u>13,464,515</u>	<u>13,513,565</u>	<u>13,339,036</u>	<u>(174,529)</u>
OTHER FINANCING USES				
Transfers out:				
Animal Fund	11,000	11,000	11,000	-
Babcock Library Fund	157,400	157,400	157,400	-
Recreation Fund	50,000	50,000	50,000	-
Youth Services Fund	26,000	26,000	26,000	-
Land Acquisition Fund	-	278,712	278,712	-
TOTAL OTHER FINANCING USES	<u>244,400</u>	<u>523,112</u>	<u>523,112</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 13,708,915</u>	<u>\$ 14,036,677</u>	<u>\$ 13,862,148</u>	<u>\$ (174,529)</u>

**TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2011**

Grand List Year	Balance Uncollected June 30, 2010	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Taxes	Collections		Balance Uncollected June 30, 2011
			Additions	Deductions				Interest and Lien Fees	Total	
1995 and prior	\$ 7,598	\$ -	\$ -	\$ 82	\$ -	\$ 7,516	\$ -	\$ -	\$ -	\$ 7,516
1996	5,071	-	-	-	-	5,071	-	-	-	5,071
1997	4,094	-	-	-	-	4,094	43	94	137	4,051
1998	6,353	-	-	-	-	6,353	-	-	-	6,353
1999	6,529	-	-	-	-	6,529	-	-	-	6,529
2000	8,140	-	-	-	-	8,140	-	-	-	8,140
2001	14,142	-	-	-	-	14,142	38	55	93	14,104
2002	40,174	-	-	-	-	40,174	142	188	330	40,032
2003	33,751	-	-	-	-	33,751	772	172	944	32,979
2004	33,958	-	-	-	-	33,958	1,768	1,459	3,227	32,190
2005	38,200	-	-	-	-	38,200	1,282	1,072	2,354	36,918
2006	51,735	-	-	-	-	51,735	5,363	891	6,254	46,372
2007	68,995	-	-	-	-	68,995	16,440	6,111	22,551	52,555
2008	154,952	-	257	93	-	155,116	59,356	17,998	77,354	95,760
Total prior years	473,692	-	257	175	-	473,774	85,204	28,040	113,244	388,570
2009	-	8,712,826	13,105	18,981	-	8,706,950	8,520,060	33,393	8,553,453	186,890
Total	\$ 473,692	\$ 8,712,826	\$ 13,362	\$ 19,156	\$ -	\$ 9,180,724	\$ 8,605,264	\$ 61,433	\$ 8,666,697	\$ 575,460

**TOWN OF ASHFORD, CONNECTICUT
 SCHEDULE OF DEBT LIMITATION
 CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
 FOR THE YEAR ENDED JUNE 30, 2011**

Total cash collections for the year ended
 June 30, 2011:

Taxes	\$ 8,605,264
Interest and lien fees	61,433
Total	<u>8,666,697</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	16,879
Base	<u>\$ 8,683,576</u>

Debt limitation:

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
2-1/4 times base	\$ 19,538,046	-	-	-	-
4-1/2 times base	-	39,076,092	-	-	-
3-3/4 times base	-	-	32,563,410	-	-
3-1/4 times base	-	-	-	28,221,622	-
3 times base	-	-	-	-	26,050,728

Total debt limitation

	<u>19,538,046</u>	<u>39,076,092</u>	<u>32,563,410</u>	<u>28,221,622</u>	<u>26,050,728</u>
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Indebtedness:

Bond and note payable
 Bonds payable, net - Regional School
 District No. 19

	3,287,500	-	-	-	-
	-	1,230,849	-	-	-
	-	(100,412)	-	-	-

Less: amounts to be provided by the State

Total indebtedness

	<u>3,287,500</u>	<u>1,130,437</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Debt limitation in excess of outstanding
 and authorized debt

	<u>\$ 16,250,546</u>	<u>\$ 37,945,655</u>	<u>\$ 32,563,410</u>	<u>\$ 28,221,622</u>	<u>\$ 26,050,728</u>
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Total capacity of borrowing (7 times base)

	\$ 60,785,032
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Total present indebtedness

	<u>4,417,937</u>
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Margin for additional borrowing

	<u>\$ 56,367,095</u>
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*Nonmajor
Governmental
Funds*

**TOWN OF ASHFORD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Nonmajor Special Revenue Funds			
	Animal Fund	School Cafeteria Fund	Preservation of Historical Records Fund	300th Anniversary Fund
ASSETS				
Cash and cash equivalents	\$ -	\$ 24,218	\$ 9,557	\$ -
Investments	-	-	-	-
Receivables:				
Intergovernmental	-	9,494	-	-
Other	-	-	-	-
Due from other funds	43,417	-	4,741	-
Prepaid assets	-	-	-	-
Total assets	<u>\$ 43,417</u>	<u>\$ 33,712</u>	<u>\$ 14,298</u>	<u>\$ -</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts payable	\$ 250	\$ 76	\$ -	\$ -
Salaries and benefits payable	482	-	-	-
Due to other funds	-	-	-	-
Unearned/deferred revenue	-	-	-	-
Total liabilities	<u>732</u>	<u>76</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Prepaid assets	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted for:				
Other purposes	-	-	-	-
Committed to:				
Public safety	42,685	-	-	-
Education	-	33,636	-	-
Recreation	-	-	-	-
Other purposes	-	-	14,298	-
Total fund balances	<u>42,685</u>	<u>33,636</u>	<u>14,298</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 43,417</u>	<u>\$ 33,712</u>	<u>\$ 14,298</u>	<u>\$ -</u>

**TOWN OF ASHFORD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2011**

	Nonmajor Special Revenue Funds					Total Special Revenue Funds
	Recreation Fund	Ashford Food Bank Fund	AYSB Fund	Town Clerk Special Fund	Total	
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,775
Investments	-	-	-	-	-	-
Receivables:						
Intergovernmental	-	-	-	-	-	9,494
Other	1,233	-	-	-	-	1,233
Due from other funds	22,298	-	21,051	15,549	-	107,056
Prepaid assets	26	-	-	-	-	26
Total assets	<u>\$ 23,557</u>	<u>\$ -</u>	<u>\$ 21,051</u>	<u>\$ 15,549</u>	<u>\$ -</u>	<u>\$ 151,584</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 298	\$ -	\$ 695	\$ -	\$ -	\$ 1,319
Salaries and benefits payable	1,589	-	-	-	-	2,071
Due to other funds	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-
Total liabilities	<u>1,887</u>	<u>-</u>	<u>695</u>	<u>-</u>	<u>-</u>	<u>3,390</u>
Fund Balances:						
Nonspendable:						
Prepaid assets	26	-	-	-	-	26
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Other purposes	-	-	-	-	-	-
Committed to:						
Public safety	-	-	-	-	-	42,685
Education	-	-	20,356	-	-	53,992
Recreation	21,644	-	-	-	-	21,644
Other purposes	-	-	-	15,549	-	29,847
Total fund balances	<u>21,670</u>	<u>-</u>	<u>20,356</u>	<u>15,549</u>	<u>148,194</u>	<u>151,584</u>
Total liabilities and fund balances	<u>\$ 23,557</u>	<u>\$ -</u>	<u>\$ 21,051</u>	<u>\$ 15,549</u>	<u>\$ -</u>	<u>\$ 151,584</u>

**TOWN OF ASHFORD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
JUNE 30, 2011**

	Permanent Funds			Total Nonmajor Governmental Funds
	Band and Library Fund	Cemetery Fund	Total	
ASSETS				
Cash and cash equivalents	\$ 6,205	\$ 73,877	\$ 80,082	\$ 113,857
Investments	-	75,000	75,000	75,000
Receivables:				
Intergovernmental	-	-	-	9,494
Other	-	-	-	1,233
Due from other funds	-	-	-	107,056
Prepaid assets	-	-	-	26
Total assets	<u>\$ 6,205</u>	<u>\$ 148,877</u>	<u>\$ 155,082</u>	<u>\$ 306,666</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,319
Salaries and benefits payable	-	-	-	2,071
Due to other funds	-	60,461	60,461	60,461
Unearned/deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>60,461</u>	<u>60,461</u>	<u>63,851</u>

Fund Balances:				
Nonspendable:				
Prepaid assets	-	-	-	26
Permanent fund principal	6,000	75,000	81,000	81,000
Restricted for:				
Other purposes	205	13,416	13,621	13,621
Committed to:				
Public safety	-	-	-	42,685
Education	-	-	-	53,992
Recreation	-	-	-	21,644
Other purposes	-	-	-	29,847
Total fund balances	<u>6,205</u>	<u>88,416</u>	<u>94,621</u>	<u>242,815</u>
Total liabilities and fund balances	<u>\$ 6,205</u>	<u>\$ 148,877</u>	<u>\$ 155,082</u>	<u>\$ 306,666</u>

**TOWN OF ASHFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Nonmajor Special Revenue Funds			
	Animal Fund	School Cafeteria Fund	Preservation of Historical Records Fund	300th Anniversary Fund
REVENUES				
Intergovernmental	\$ -	\$ 63,627	\$ 3,000	\$ -
Charges for services	5,353	94,758	1,514	-
Investment earnings	-	-	74	10
Miscellaneous	-	1,198	178	-
Total revenues	<u>5,353</u>	<u>159,583</u>	<u>4,766</u>	<u>10</u>
EXPENDITURES				
Current:				
General government	-	-	3,072	-
Public safety	13,429	-	-	-
Education	-	155,830	-	-
Recreation	-	-	-	-
Total expenditures	<u>13,429</u>	<u>155,830</u>	<u>3,072</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(8,076)	3,753	1,694	10
OTHER FINANCING SOURCES (USES)				
Transfers in	11,000	-	-	-
Transfers out	-	-	-	(2,169)
Total other financing sources (uses)	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>(2,169)</u>
Net change in fund balances	2,924	3,753	1,694	(2,159)
Fund balances - beginning, as adjusted (See Note 13)	<u>39,761</u>	<u>29,883</u>	<u>12,604</u>	<u>2,159</u>
Fund balances - ending	<u>\$ 42,685</u>	<u>\$ 33,636</u>	<u>\$ 14,298</u>	<u>\$ -</u>

**TOWN OF ASHFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2011**

	Nonmajor Special Revenue Funds					Total Special Revenue Funds
	Recreation Fund	Ashford Food Bank Fund	AYSB Fund	Town Clerk Special Fund	Total Special Revenue Funds	
REVENUES						
Intergovernmental	\$ 450	-	\$ 17,300	-	\$ 84,377	
Charges for services	40,697	-	7,182	2,259	151,763	
Investment earnings	-	7	-	-	91	
Miscellaneous	-	10	-	-	1,386	
Total revenues	41,147	17	24,482	2,259	237,617	
EXPENDITURES						
Current:						
General government	-	857	-	-	3,929	
Public safety	-	-	-	-	13,429	
Education	-	-	50,583	-	206,413	
Recreation	92,586	-	-	-	92,586	
Total expenditures	92,586	857	50,583	-	316,357	
Excess (deficiency) of revenues over expenditures	(51,439)	(840)	(26,101)	2,259	(78,740)	
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	-	26,000	-	87,000	
Transfers out	-	-	-	-	(2,169)	
Total other financing sources (uses)	50,000	-	26,000	-	84,831	
Net change in fund balances	(1,439)	(840)	(101)	2,259	6,091	
Fund balances - beginning, as adjusted (See Note 13)	23,109	840	20,457	13,290	142,103	
Fund balances - ending	\$ 21,670	\$ -	\$ 20,356	\$ 15,549	\$ 148,194	

**TOWN OF ASHFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
FOR THE YEAR ENDED JUNE 30, 2011**

	Permanent Funds			Total Nonmajor Governmental Funds
	Band and Library Fund	Cemetery Fund	Total Permanent Funds	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 84,377
Charges for services	-	600	600	152,363
Investment earnings	52	902	954	1,045
Miscellaneous	-	-	-	1,386
Total revenues	52	1,502	1,554	239,171
EXPENDITURES				
Current:				
General government	-	1,930	1,930	5,859
Public safety	-	-	-	13,429
Education	-	-	-	206,413
Recreation	-	-	-	92,586
Total expenditures	-	1,930	1,930	318,287
Excess (deficiency) of revenues over expenditures	52	(428)	(376)	(79,116)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	87,000
Transfers out	-	-	-	(2,169)
Total other financing sources (uses)	-	-	-	84,831
Net change in fund balances	52	(428)	(376)	5,715
Fund balances - beginning, as adjusted (See Note 13)	6,153	88,844	94,997	237,100
Fund balances - ending	\$ 6,205	\$ 88,416	\$ 94,621	\$ 242,815

*Fiduciary
Funds*

**TOWN OF ASHFORD, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011**

	School Activity Fund	Band Program Fund	Babcock Cornet Band Fund	Babcock Fund	Contractor Bond Fund	Ashford Food Bank Fund	Total Agency Funds
ASSETS							
Cash and cash equivalents	\$ 18,168	\$ -	\$ 15,407	\$ 2,336	\$ 16,582	\$ 857	\$ 53,350
Accounts receivable	1,280	-	-	-	-	-	1,280
Due from other funds	6,580	-	-	-	1,000	-	7,580
Total assets	<u>\$ 26,028</u>	<u>\$ -</u>	<u>\$ 15,407</u>	<u>\$ 2,336</u>	<u>\$ 17,582</u>	<u>\$ 857</u>	<u>\$ 62,210</u>
LIABILITIES							
Accounts payable	\$ 2,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,382
Due to others	23,646	-	15,407	2,336	17,582	857	59,828
Total liabilities	<u>\$ 26,028</u>	<u>\$ -</u>	<u>\$ 15,407</u>	<u>\$ 2,336</u>	<u>\$ 17,582</u>	<u>\$ 857</u>	<u>\$ 62,210</u>

**TOWN OF ASHFORD, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2011</u>
Student Activity Fund				
Assets				
Cash and cash equivalents	\$ 40,895	\$ 44,682	\$ 67,409	\$ 18,168
Accounts receivable	-	1,280	-	1,280
Due from other funds	9,870	6,580	9,870	6,580
Total assets	<u>\$ 50,765</u>	<u>\$ 52,542</u>	<u>\$ 77,279</u>	<u>\$ 26,028</u>
Liabilities				
Accounts payable	\$ 44,970	\$ 52,542	\$ 95,130	\$ 2,382
Due to others	-	23,646	-	23,646
Due to other funds	5,795	-	5,795	-
Total liabilities	<u>\$ 50,765</u>	<u>\$ 76,188</u>	<u>\$ 100,925</u>	<u>\$ 26,028</u>
Band Program Fund				
Assets				
Cash and cash equivalents	\$ 1,932	\$ -	\$ 1,932	\$ -
Total assets	<u>\$ 1,932</u>	<u>\$ -</u>	<u>\$ 1,932</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 1,932	\$ -	\$ 1,932	\$ -
Total liabilities	<u>\$ 1,932</u>	<u>\$ -</u>	<u>\$ 1,932</u>	<u>\$ -</u>
Babcock Cornet Band Fund				
Assets				
Cash and cash equivalents	\$ 15,179	\$ 228	\$ -	\$ 15,407
Total assets	<u>\$ 15,179</u>	<u>\$ 228</u>	<u>\$ -</u>	<u>\$ 15,407</u>
Liabilities				
Accounts payable	\$ 15,179	\$ 228	\$ 15,407	\$ -
Due to others	-	15,407	-	15,407
Total liabilities	<u>\$ 15,179</u>	<u>\$ 15,635</u>	<u>\$ 15,407</u>	<u>\$ 15,407</u>
Babcock Fund				
Assets				
Cash and cash equivalents	\$ 2,317	\$ 19	\$ -	\$ 2,336
Total assets	<u>\$ 2,317</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 2,336</u>
Liabilities				
Accounts payable	\$ 2,317	\$ 19	\$ 2,336	\$ -
Due to others	-	2,336	-	2,336
Total liabilities	<u>\$ 2,317</u>	<u>\$ 2,355</u>	<u>\$ 2,336</u>	<u>\$ 2,336</u>

TOWN OF ASHFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES (Concluded)
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Contractor Bond Fund

Assets	-			
Cash and cash equivalents	\$ 14,446	\$ 2,136	\$ -	\$ 16,582
Due from other funds	-	1,000	-	1,000
Total assets	<u>\$ 14,446</u>	<u>\$ 3,136</u>	<u>\$ -</u>	<u>\$ 17,582</u>
Liabilities				
Accounts payable	\$ 14,446	\$ 3,136	\$ 17,582	\$ -
Due to others	-	17,582	-	17,582
Total liabilities	<u>\$ 14,446</u>	<u>\$ 20,718</u>	<u>\$ 17,582</u>	<u>\$ 17,582</u>

Ashford Food Bank Fund

Assets				
Cash and cash equivalents	\$ -	\$ 857	\$ -	\$ 857
Total assets	<u>\$ -</u>	<u>\$ 857</u>	<u>\$ -</u>	<u>\$ 857</u>
Liabilities				
Due to others	\$ -	\$ 857	\$ -	\$ 857
Total liabilities	<u>\$ -</u>	<u>\$ 857</u>	<u>\$ -</u>	<u>\$ 857</u>

Total All Agency Funds

Assets				
Cash and cash equivalents	\$ 74,769	\$ 47,922	\$ 69,341	\$ 53,350
Accounts receivable	-	1,280	-	1,280
Due from other funds	9,870	7,580	9,870	7,580
Total assets	<u>\$ 84,639</u>	<u>\$ 56,782</u>	<u>\$ 79,211</u>	<u>\$ 62,210</u>
Liabilities				
Accounts payable	\$ 78,844	\$ 55,925	\$ 132,387	\$ 2,382
Due to others	-	59,828	-	59,828
Due to other funds	5,795	-	5,795	-
Total liabilities	<u>\$ 84,639</u>	<u>\$ 115,753</u>	<u>\$ 138,182</u>	<u>\$ 62,210</u>