

**TOWN OF ASHFORD, CONNECTICUT**

**BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION, AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2014**

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Independent  
Auditor's Report

## Independent Auditor's Report

To the Board of Finance of the  
Town of Ashford, Connecticut

### Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *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, 2014, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the schedule of funding progress on page 43 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut  
November 28, 2014

# Management's Discussion and Analysis

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

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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, 2014.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of the most recent fiscal year by \$17,945,653 (net position). Of this amount, \$3,728,792 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$535,641.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,494,134, an increase of \$425,640 in comparison with the prior year. Approximately 42.5% or \$1,910,173 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 \$1,910,173 or 13.2% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.6 months of General Fund operating expenditures.
- The Town's total long-term debt decreased by \$250,000 or 9.5%, from \$2,640,000 as of June 30, 2013 to \$2,390,000 as of June 30, 2014, during the current fiscal year due to scheduled repayments.

**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 position presents information on all of the Town's assets, deferred outflows of resources, and liabilities, with net position as the residual of these other elements. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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).

**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 13 and 14 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 15 through 19 of this report.

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

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**OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

***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 20 and 21 of this report.

**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 22 through 42 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 43 of this report. Combining and individual fund statements and schedules can be found on pages 44 through 58 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

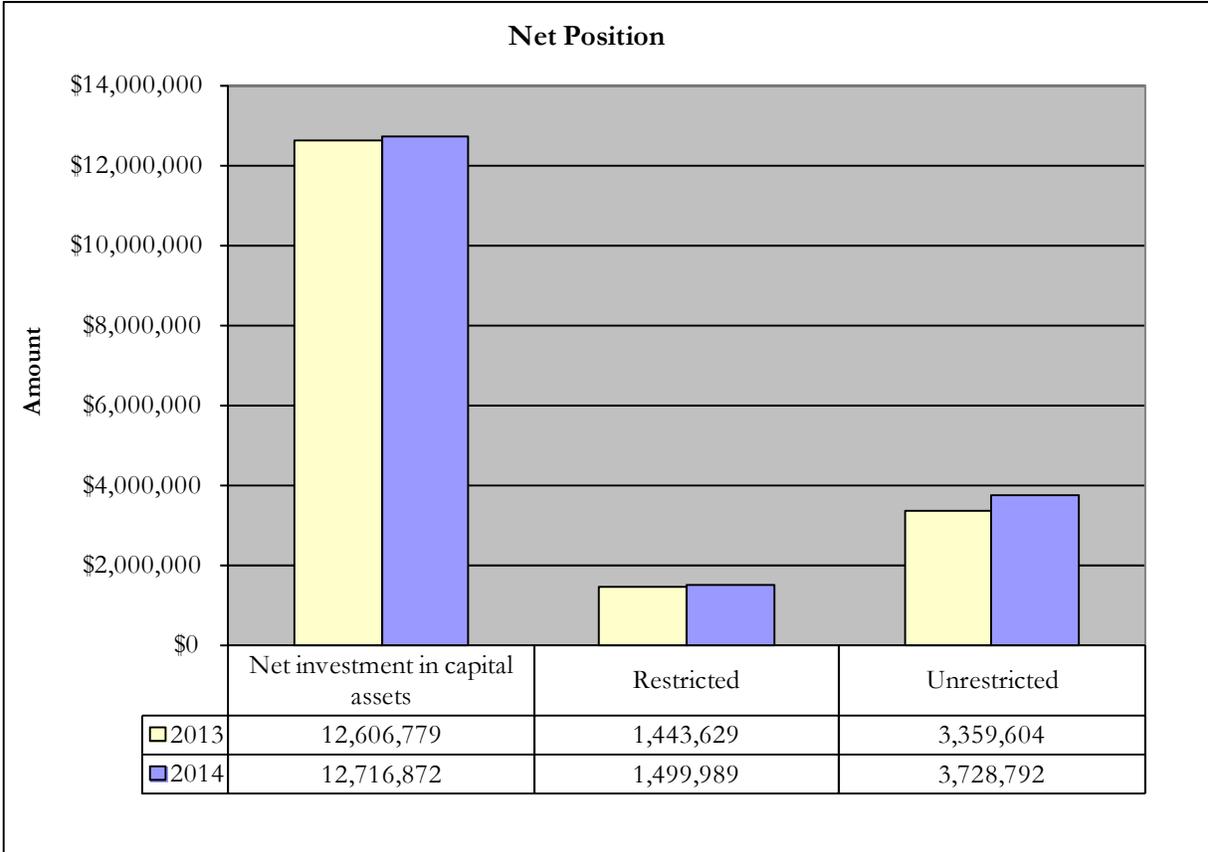
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$17,945,653 and \$17,410,012 as of June 30, 2014 and 2013, respectively, and is summarized as follows:

<b>Town of Ashford, Connecticut</b>		
<b>Net Position</b>		
<b>June 30, 2014 and 2013</b>		
	Governmental Activities	
	2014	2013
Current and other assets	\$ 5,790,114	\$ 5,505,572
Capital assets	15,224,205	15,370,590
Total assets	21,014,319	20,876,162
Deferred outflows of resources	23,065	24,335
Other liabilities	496,017	642,729
Long-term liabilities	2,595,714	2,847,756
Total liabilities	3,091,731	3,490,485
Net position:		
Net investment in capital assets	12,716,872	12,606,779
Restricted	1,499,989	1,443,629
Unrestricted	3,728,792	3,359,604
Total net position	\$ 17,945,653	\$ 17,410,012

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Net Position *(Continued)***



Of the Town's net position, 70.9% 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.

8.4% of the Town's net position is subject to external restrictions on how it may be used and is therefore presented as restricted net position.

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

Overall, net position increased by \$535,641.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Changes in Net Position**

Changes in net position for the years ended June 30, 2014 and 2013 are as follows:

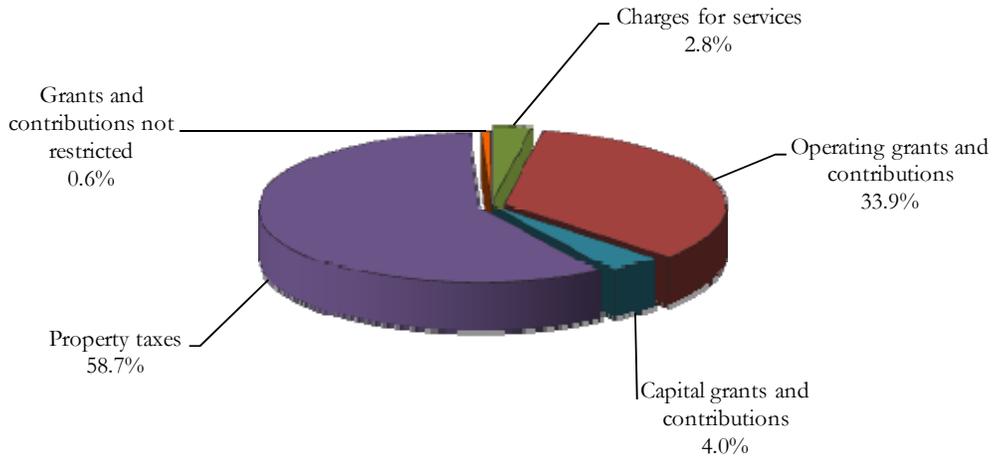
**Town of Ashford, Connecticut**  
**Changes in Net Position**  
**June 30, 2014 and 2013**

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 460,897	\$ 528,156
Operating grants and contributions	5,507,383	5,369,678
Capital grants and contributions	642,163	457,314
General revenues:		
Property taxes	9,513,718	9,308,338
Grants and contributions not restricted	103,678	127,610
Unrestricted investment earnings	14,710	21,514
Total revenues	16,242,549	15,812,610
Expenses:		
General government	1,046,500	1,082,340
Public safety	76,867	75,566
Public works	1,124,741	1,098,683
Health and welfare	246,775	219,535
Planning and development	330,617	363,092
Education	12,533,474	12,024,466
Library	188,393	181,040
Recreation	106,066	95,899
Interest on long-term debt	53,475	161,799
Total expenses	15,706,908	15,302,420
Change in net position	\$ 535,641	\$ 510,190

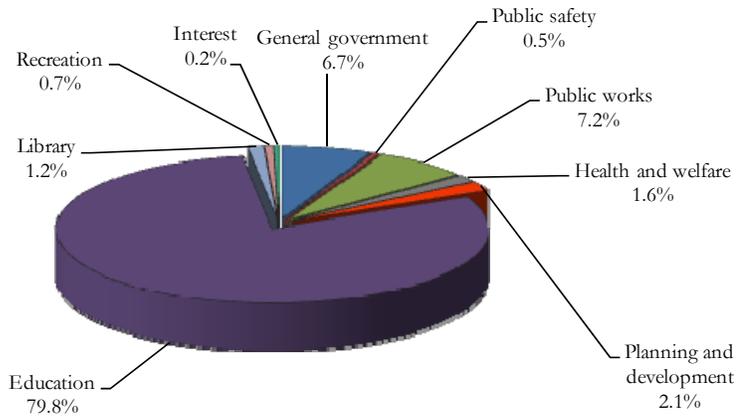
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)

2014 Revenues by Source -  
Governmental Activities



2014 Expenses by Function -  
Governmental Activities



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

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Governmental Activities**

Governmental activities increased the Town's net position by \$535,641. Revenues generated by the Town increased by approximately \$430,000 due primarily to an increase in grants and contributions of approximately \$299,000 and an increase in property taxes of approximately \$205,000 in comparison to the prior year, offset by a decrease in charges for services of approximately \$67,000. The increase in revenues was offset by an increase in expense of approximately \$404,000 when compared to the prior year due to an increase in education expenses of approximately \$509,000, offset by a decrease in interest expense of approximately \$108,000.

**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 \$4,494,134, an increase of \$425,640 in comparison with the prior year. Of this amount, \$1,910,173 constitutes unassigned fund balance, which is available for spending at the Town's discretion.

**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 \$1,910,173, while total fund balance was \$2,035,984. 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 13.2% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.6 months of General Fund operating expenditures.

**Capital Nonrecurring Fund**

The fund balance of the Capital Nonrecurring Fund increased by \$590,490 during the current fiscal year. This increase is primarily related to current year transfers in from the General Fund, representing the portion of the prior year General Fund fund balance in excess of 10% of budgeted General Fund expenditures, offset by capital outlays incurred.

**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 \$58,301 during the current fiscal year. The increase is primarily related to new grant proceeds received during the year to fund loans offset by current loans issued.

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

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The actual net change in fund balance of the General Fund on a budgetary basis was an decrease of \$155,855. Expenditures were \$185,622 less than budgeted, and total budgetary revenues were \$405,052 more than expected due primarily to a favorable variance in property tax revenues, as well as receipt of various unbudgeted grant reimbursements. Differences between the original budget and the final amended budget consisted of appropriations of \$746,533, including \$666,761 transferred to the Capital Nonrecurring Fund, which represented the portion of the prior year General Fund fund balance in excess of 10% of budgeted General Fund expenditures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets as of June 30, 2014 and 2013 totaled \$15,224,205 and \$15,370,590, 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 decrease in the Town's investment in capital assets for the current fiscal year was \$146,385 or 1.0%, which consisted of capital additions of \$257,347 offset by current year depreciation of \$403,732.

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

- the purchase of a school bus in the amount of \$83,944 for educational services;
- the purchase of a Ford F-350 truck in the amount of \$26,742 for public works;
- school security improvements totaling \$102,761; and
- construction in progress related to various road repair and improvements, totaling \$35,910.

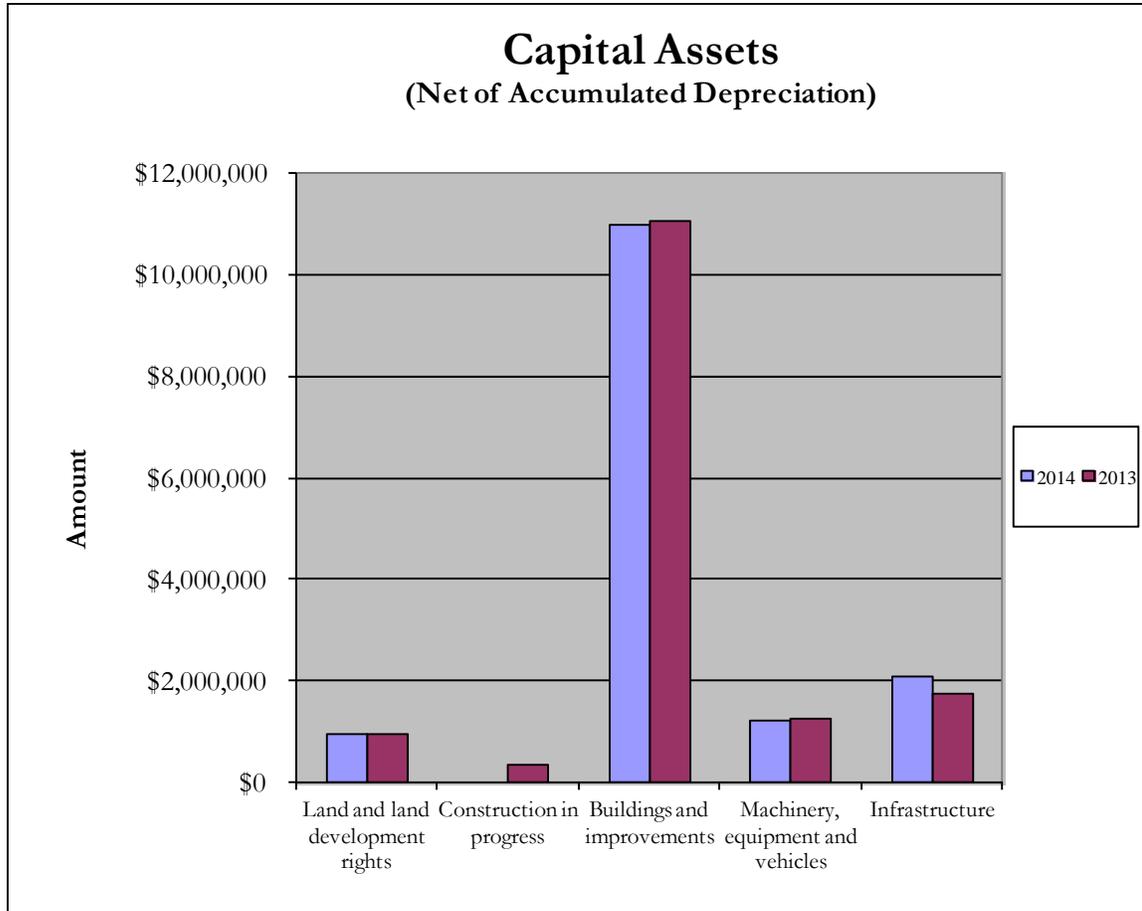
The following table is a two year comparison of the investment in capital assets:

**Town of Ashford, Connecticut**  
**Capital Assets, net**  
**June 30, 2014 and 2013**

	Governmental Activities	
	2014	2013
Land and land development rights	\$ 968,756	\$ 968,756
Construction in progress	-	351,530
Buildings and improvements	10,972,527	11,048,161
Machinery, equipment and vehicles	1,205,740	1,244,248
Infrastructure	2,077,182	1,757,895
Totals	\$ 15,224,205	\$ 15,370,590

**CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)***

**Capital Assets *(Continued)***



Additional information on the Town's capital assets can be found in Note D on page 35 of this report.

**Long-term Debt**

At the end of the current fiscal year, the Town had \$2,390,000 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 \$250,000 or 9.5% due to the general obligation refunding bonds issued in the current year, and repayment of prior year debt in connection with the refunding. The Town maintains an "Aa3" 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 \$66,691,107, which is significantly in excess of the Town's outstanding long-term debt.

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

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**CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)***

**Long-term Debt *(Continued)***

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

<b>Town of Ashford, Connecticut</b>		
<b>Long- Term Debt</b>		
<b>June 30, 2014 and 2013</b>		
	Governmental	
	Activities	
	2014	2013
Bond payable	\$ 2,390,000	\$ 2,640,000
Totals	\$ 2,390,000	\$ 2,640,000

Additional information on the Town's long-term debt can be found in Note H on pages 37 through 39 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 is currently 7.6% compared to the state's average unemployment rate of 6.5% and the national unemployment rate of 6.1%.
- 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 2015.

The Town has not assigned any portion of fund balance of the General Fund for spending in the 2015 fiscal year budget.

**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 POSITION**  
 JUNE 30, 2014

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,468,447
Investments	75,000
Receivables:	
Property taxes, net of allowance for uncollectibles of \$120,000	503,066
Interest on property taxes, net of allowance for uncollectibles of \$170,000	341,130
Grants and contracts	22,873
Other	20,545
Prepaid expenses	145
Loans receivable, long-term	1,358,908
Capital assets:	
Non-depreciable	968,756
Depreciable, net	14,255,449
Total assets	21,014,319
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding	23,065
<b>LIABILITIES</b>	
Accounts payable	115,617
Accrued liabilities:	
Salaries and benefits payable	344,113
Accrued interest	12,356
Unearned revenue	23,931
Noncurrent liabilities:	
Due within one year	270,537
Due in more than one year	2,325,177
Total liabilities	3,091,731
<b>NET POSITION</b>	
Net investment in capital assets	12,716,872
Restricted for:	
Endowments - nonexpendable	81,000
Planning and development	1,418,989
Unrestricted	3,728,792
Total net position	\$ 17,945,653

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

**TOWN OF ASHFORD, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 1,046,500	\$ 93,685	\$ 32,587	\$ -	\$ (920,228)
Public safety	76,867	5,097	-	-	(71,770)
Public works	1,124,741	-	-	521,793	(602,948)
Health and welfare	246,775	-	-	-	(246,775)
Planning and development	330,617	-	229,500	-	(101,117)
Education	12,533,474	314,173	5,243,978	120,370	(6,854,953)
Library	188,393	10,357	1,318	-	(176,718)
Recreation	106,066	37,585	-	-	(68,481)
Interest on long-term debt	53,475	-	-	-	(53,475)
Total governmental activities	<u>\$ 15,706,908</u>	<u>\$ 460,897</u>	<u>\$ 5,507,383</u>	<u>\$ 642,163</u>	<u>(9,096,465)</u>
General revenues:					
					9,513,718
					103,678
					14,710
					<u>9,632,106</u>
					535,641
					17,410,012
					<u>\$ 17,945,653</u>

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

**TOWN OF ASHFORD, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Educational Grants Fund</u>	<u>Small Cities Grant Program Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,231,432	\$ 127,101	\$ -	\$ 53,386	\$ 56,528	\$ 3,468,447
Investments	-	-	-	-	75,000	75,000
Receivables:						
Property taxes, net of allowance for uncollectibles of \$120,000	503,066	-	-	-	-	503,066
Grants and contracts	-	-	9,671	-	13,202	22,873
Loans	-	-	-	1,358,908	-	1,358,908
Other	16,687	-	-	-	3,858	20,545
Due from other funds	21,622	715,826	18,092	-	104,041	859,581
Prepaid items	145	-	-	-	-	145
Total assets	<u>\$ 3,772,952</u>	<u>\$ 842,927</u>	<u>\$ 27,763</u>	<u>\$ 1,412,294</u>	<u>\$ 252,629</u>	<u>\$ 6,308,565</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 91,047	\$ -	\$ 21,582	\$ -	\$ 2,988	\$ 115,617
Salaries and benefits payable	334,092	-	6,112	-	3,909	344,113
Due to other funds	837,931	-	-	-	21,650	859,581
Unearned revenue	2,709	17,711	-	-	3,511	23,931
Total liabilities	<u>1,265,779</u>	<u>17,711</u>	<u>27,694</u>	<u>-</u>	<u>32,058</u>	<u>1,343,242</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	471,189	-	-	-	-	471,189
<b>FUND BALANCES</b>						
Nonspendable	145	-	-	-	81,000	81,145
Restricted	-	-	-	1,412,294	6,695	1,418,989
Committed	22,783	825,216	69	-	132,876	980,944
Assigned	102,883	-	-	-	-	102,883
Unassigned	1,910,173	-	-	-	-	1,910,173
Total fund balances	<u>2,035,984</u>	<u>825,216</u>	<u>69</u>	<u>1,412,294</u>	<u>220,571</u>	<u>4,494,134</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,772,952</u>	<u>\$ 842,927</u>	<u>\$ 27,763</u>	<u>\$ 1,412,294</u>	<u>\$ 252,629</u>	<u>\$ 6,308,565</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 POSITION**  
**JUNE 30, 2014**

Total fund balances for governmental funds		\$ 4,494,134
Total net position reported for governmental activities in the statement of net position 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	14,315,753	
Machinery, equipment and vehicles	3,377,003	
Infrastructure	2,455,539	
Less: accumulated depreciation and amortization	<u>(5,892,846)</u>	
Total capital assets, net		15,224,205
Accrued interest on property taxes, net of the allowance for uncollectibles is not susceptible to accrual and therefore is not reported in the funds.		
		341,130
Some of the Town's taxes 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 inflows of resources in the funds.		
		471,189
The deferred charges on refunding are not susceptible to accrual and therefore are not reported in the funds.		
		23,065
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 position.		
Long-term debt:		
Bond payable	(2,390,000)	
Accrued interest payable	(12,356)	
Unamortized premium	(140,398)	
Other long-term liabilities:		
Contract payable	(13,092)	
Compensated absences	(37,224)	
Early retirement incentive	<u>(15,000)</u>	
Total long-term liabilities		<u>(2,608,070)</u>
Net position of governmental activities		<u>\$ 17,945,653</u>

*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, 2014

	General Fund	Capital Nonrecurring Fund	Educational Grants Fund	Small Cities Grant Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 9,504,537	\$ -	\$ -	\$ -	\$ -	\$ 9,504,537
Intergovernmental	5,109,447	375,026	383,845	229,500	109,384	6,207,202
Charges for services	309,238	-	-	-	141,302	450,540
Interest income	14,134	254	-	-	322	14,710
Miscellaneous	56,379	-	-	-	-	56,379
Total revenues	<u>14,993,735</u>	<u>375,280</u>	<u>383,845</u>	<u>229,500</u>	<u>251,008</u>	<u>16,233,368</u>
<b>EXPENDITURES</b>						
Current:						
General government	786,848	-	-	-	7,533	794,381
Public safety	22,369	-	-	-	19,399	41,768
Public works	726,569	-	-	-	-	726,569
Health and welfare	203,149	-	-	-	-	203,149
Planning and development	123,356	-	-	171,199	-	294,555
Education	11,758,559	-	383,845	-	215,744	12,358,148
Library	184,283	-	-	-	-	184,283
Recreation	-	-	-	-	100,893	100,893
Employee benefits and insurance	346,045	-	-	-	-	346,045
Capital outlays	-	451,551	-	-	-	451,551
Debt service:						
Principal payments	250,000	-	-	-	-	250,000
Interest and fiscal charges	56,386	-	-	-	-	56,386
Total expenditures	<u>14,457,564</u>	<u>451,551</u>	<u>383,845</u>	<u>171,199</u>	<u>343,569</u>	<u>15,807,728</u>
Excess (deficiency) of revenues over expenditures	536,171	(76,271)	-	58,301	(92,561)	425,640
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	666,761	-	-	93,190	759,951
Transfers out	(759,951)	-	-	-	-	(759,951)
Total other financing sources (uses)	<u>(759,951)</u>	<u>666,761</u>	<u>-</u>	<u>-</u>	<u>93,190</u>	<u>-</u>
Net change in fund balances	(223,780)	590,490	-	58,301	629	425,640
Fund balances - beginning	<u>2,259,764</u>	<u>234,726</u>	<u>69</u>	<u>1,353,993</u>	<u>219,942</u>	<u>4,068,494</u>
Fund balances - ending	<u>\$ 2,035,984</u>	<u>\$ 825,216</u>	<u>\$ 69</u>	<u>\$ 1,412,294</u>	<u>\$ 220,571</u>	<u>\$ 4,494,134</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, 2014**

Net change in fund balances - total governmental funds \$ 425,640

Total change in net position 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	\$ 257,347	
Depreciation and amortization expense	<u>(403,732)</u>	
Net adjustment		(146,385)

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 increased revenues recognized in the funds. 25,117

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflow of resources in governmental funds. This amount represents the change in deferred inflows. (15,936)

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 position. The net effect of these differences in the treatment of long-term debt is as follows:

Principal repayments:		
Bonds payable		250,000

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	(3,798)	
Contract payable	13,092	
Early retirement incentive	(15,000)	
Accrued interest	(3,567)	
Amortization of bond premium	7,748	
Amortization of deferred charge on refunding	<u>(1,270)</u>	
Net adjustment		<u>(2,795)</u>

Change in net position of governmental activities \$ 535,641

*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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 9,303,097	\$ 9,303,097	\$ 9,504,537	\$ 201,440
Intergovernmental	4,110,727	4,110,727	4,306,233	195,506
Charges for services	87,400	87,400	91,858	4,458
Investment income	21,000	21,000	14,128	(6,872)
Miscellaneous revenue	35,352	35,352	45,872	10,520
Total revenues	<u>13,557,576</u>	<u>13,557,576</u>	<u>13,962,628</u>	<u>405,052</u>
<b>EXPENDITURES</b>				
Current:				
General government	809,036	838,004	786,774	(51,230)
Public safety	20,277	22,809	22,369	(440)
Public works	761,934	755,892	726,569	(29,323)
Health and welfare	204,697	204,697	203,149	(1,548)
Planning and development	131,742	132,557	123,356	(9,201)
Education	7,035,706	7,035,706	7,003,519	(32,187)
Education - Regional School District No. 19	3,611,262	3,611,262	3,611,262	-
Employee benefits and insurance	388,676	388,984	346,045	(42,939)
Debt service:				
Principal payments	232,500	250,000	250,000	-
Interest and fiscal charges	99,721	75,140	56,386	(18,754)
Total expenditures	<u>13,295,551</u>	<u>13,315,051</u>	<u>13,129,429</u>	<u>(185,622)</u>
Excess (deficiency) of revenues over expenditures	262,025	242,525	833,199	590,674
<b>OTHER FINANCING SOURCES (USES)</b>				
Continued appropriations - education	-	(60,272)	(60,268)	4
Transfers out	(262,025)	(928,786)	(928,786)	-
Appropriation of undesignated fund balance	-	746,533	-	(746,533)
Total other financing sources (uses), net	<u>(262,025)</u>	<u>(242,525)</u>	<u>(989,054)</u>	<u>(746,529)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(155,855)	<u>\$ (155,855)</u>
Fund balance - beginning			<u>2,156,805</u>	
Fund balance - ending			<u>\$ 2,000,950</u>	

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

**TOWN OF ASHFORD, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2014**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 40,325	\$ 29,662	\$ 44,001
Investments, at fair value:			
U.S. Agencies securities	21,131	-	-
U.S. Treasury securities	59,133	-	-
Corporate and foreign bonds	129,619	-	-
Mutual funds	-	135,958	-
Equity securities	745,634	-	-
Contributions receivable:			
Employer	49,070	-	-
Other	-	-	11,507
Total assets	<u>1,044,912</u>	<u>165,620</u>	<u>\$ 55,508</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 11,165	\$ 2,454
Due to others	-	-	53,054
Total liabilities	<u>-</u>	<u>11,165</u>	<u>\$ 55,508</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 1,044,912</u>	<u>\$ 154,455</u>	

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

**TOWN OF ASHFORD, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 49,070	\$ -
Private donations	-	500
Total Contributions	49,070	500
Investment earnings:		
Interest and dividends	27,247	2,458
Net increase in the fair value of investments	96,199	12,651
Total investment earnings	123,446	15,109
Less: investment expense	10,671	2,446
Net investment earnings	112,775	12,663
Total additions	161,845	13,163
<b>DEDUCTIONS</b>		
Benefit payments	104,678	10,375
Total deductions	104,678	10,375
Change in net position	57,167	2,788
Net position - beginning	987,745	151,667
Net position - ending	\$ 1,044,912	\$ 154,455

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

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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**NOTE A - 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**

**History and Organization**

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 Connecticut General Statutes: 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 position 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.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Government-Wide and Fund Financial Statements *(Continued)***

**Fund Financial Statements *(Continued)***

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.

***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 expenditures per the grant agreement.

***Small Cities Grant Program Fund*** - This fund is used to account for program income received and federal grants used to fund the Town's Residential Rehabilitation Loan Program.

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

***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.

***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.

***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**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

***Measurement Focus and Basis of Accounting (Continued)***

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity**

**Cash Equivalents**

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

**Investments**

Investments for the Town are reported at fair value (generally based on quoted market prices) except as described below.

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. STIF operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF is subject to regulatory oversight even though it is not registered by the SEC.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity *(Continued)***

**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 allowances for uncollectible taxes and interest of \$120,000 and \$170,000, respectively, as of June 30, 2014.

**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 when 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, 2014, loans receivable totaled \$1,358,908 under this program.

**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

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

***Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)***

**Unearned Revenue**

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town only has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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 position. Bond premiums and discounts 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 expensed when incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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 FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

***Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)***

**Net Position and Fund Balance**

The government-wide statement of net position presents the Town's assets, deferred outflows of resources, and liabilities, with net position as the residual of these other elements. Net position is reported in three categories:

***Net investment in capital assets*** - This component of net position 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 position*** - This component of net position consists of amounts 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 position*** - This component of net position is the net amount of the assets, liabilities, and deferred inflows/outflows of resources which do not meet the definition of the two preceding categories.

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 financial 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 Connecticut General Statutes, which is consistent with the Town's budgeting procedures as described in Note B.

***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 B.

***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.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

***Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)***

**Net Position and Fund Balance *(Continued)***

***Net Position Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, 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.

***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.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Interfund Activities *(Continued)***

**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.

**NOTE B - BUDGETARY INFORMATION**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements in accordance with provisions of Connecticut General Statutes and annually adopted budget policies.

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, except the Board of Education, files with the Board of Selectmen a detailed estimate of the expenditures to be made and the revenues, other than property taxes, to be collected in the ensuing fiscal year.
- The Board of Selectmen presents a budget message, estimates of revenues and expenditures and justifications to the Board of Finance for all Town-supported functions. The Board of Education presents estimates of revenues and expenditures and justifications to the Board of Finance for all local education functions.
- The Region 19 Board of Education presents the proposed Region 19 budget to the Board of Finance. A separate public hearing and referendum for the Region 19 budget are administered by the Region 19 Board of Education.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE B - BUDGETARY INFORMATION *(Continued)***

- The Board of Finance holds at least one public hearing on the proposed budget. The Board of Finance may review the budget requests with the head of each department, board, agency and commission including the local Board of Education. The Board of Finance then prepares a budget to be presented at the Town's Annual Budget meeting. This meeting shall consider the budget presented by the Board of Finance and may approve or lower the General Government, Ashford Board of Education and/or Capital Projects budgets. The Region 19 budget cannot be approved or lowered during this meeting as it is subject to a separate Region 19 referendum. The Annual Budget meeting will adjourn to referendum.
- 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 at the department level. 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 also be approved by vote of a Town Meeting. During the year ended June 30, 2014 the Board of Finance approved additional appropriations from fund balance of \$746,533.
- 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. As allowed by Connecticut General Statutes, the Board of Finance approved a carryover of prior year unexpended education appropriations, not to exceed 1% of the total budgeted appropriation for education for such prior fiscal year. For the year ended June 30, 2014, a total of \$60,272 was approved for carryover from the prior fiscal year budget. Of that amount, \$60,268 was expended in the current fiscal year.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

**NOTE B - 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 Teachers' 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, 2014:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary basis	\$ 13,962,628	\$ 13,129,429	\$ (989,054)	\$ 2,000,950
"On-behalf" payments - State Teachers Retirement Fund <i>(See Note I)</i>	720,695	720,695	-	-
Encumbrances	-	64,234	-	12,251
Babcock Library Fund	11,681	184,283	168,835	15,923
Other Funds	150	74	-	6,860
Certain costs presented net for budgetary purposes	298,581	358,849	60,268	-
GAAP basis	<u>\$ 14,993,735</u>	<u>\$ 14,457,564</u>	<u>\$ (759,951)</u>	<u>\$ 2,035,984</u>

**Capital Projects Authorizations**

The following is a summary of capital projects as of June 30, 2014:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance - June 30, 2014</u>
<b>Capital Nonrecurring Fund:</b>				
Street lighting	\$ 919	\$ -	\$ -	\$ 919
Town property - brook restoration	50,000	-	47,510	2,490
Revaluation	24,705	13,092	13,092	11,613
Fire truck - cab, chassis, pump	120,000	-	101,125	18,875
Crosswalk	65,000	-	32,560	32,440
Road resurfacing	179,168	178,597	178,597	571
Culvert replacement	25,500	-	24,252	1,248
Road repairs - Turnpike Road	200,000	8,990	200,000	-
Road repairs - Hnath Road	196,000	20,092	187,440	8,560
DPW Truck purchase	77,000	-	76,987	13
DPW Truck purchase	30,000	30,000	30,000	-
School bus	86,998	83,944	83,944	3,054
School van replacement	27,106	-	23,470	3,636
School parking lot repairs	136,000	-	135,996	4
Senior center generator	18,000	14,075	14,075	3,925
School safety upgrades	103,000	102,761	102,761	239
<b>Total</b>	<u>\$ 1,339,396</u>	<u>\$ 451,551</u>	<u>\$ 1,251,809</u>	<u>\$ 87,587</u>

**TOWN OF ASHFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 JUNE 30, 2014

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**NOTE C - 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, 2014, the carrying amount of the Town's cash deposits totaled \$3,560,959. As of June 30, 2014, \$2,186,397 of the Town's bank balance of \$3,801,066 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,967,757
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	218,640
	\$ 2,186,397

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.

A reconciliation of the Town's cash deposits as of June 30, 2014 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 3,468,447
Statement of fiduciary net position:	
Cash and cash equivalents	113,988
	3,582,435
Add: certificates of deposit classified as investments	75,000
Less: investments classified as cash equivalents	(96,476)
Total cash deposits	\$ 3,560,959

**TOWN OF ASHFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 JUNE 30, 2014

**NOTE C - CASH DEPOSITS AND INVESTMENTS *(Continued)***

**Investments**

As of June 30, 2014, the Town's investments consisted of the following:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
<b>Debt Securities:</b>				
Short-term Investment Fund (STIF)	\$ 55,510	\$ 55,510	\$ -	\$ -
Money market mutual funds	40,966	40,966	-	-
Corporate and foreign bonds	129,619	-	78,841	50,778
U.S. Agencies securities	21,131	-	21,131	-
U.S. Treasury securities	59,133	-	29,899	29,234
	<u>306,359</u>	<u>\$ 96,476</u>	<u>\$ 129,871</u>	<u>\$ 80,012</u>
<b>Other Investments:</b>				
Mutual funds	135,958			
Equity securities	745,634			
	<u>\$ 1,187,951</u>			

Because STIF 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.

A reconciliation of the Town's investments as of June 30, 2014 is as follows:

Government-wide statement of net position:	
Investments	\$ 75,000
Statement of fiduciary net position:	
Investments	<u>1,091,475</u>
	1,166,475
Less: certificates of deposit classified as investments	(75,040)
Add: investments classified as cash equivalents	<u>96,476</u>
	<u>\$ 1,187,911</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.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

**NOTE C - CASH DEPOSITS AND INVESTMENTS *(Continued)***

**Investments *(Continued)***

**Credit Risk**

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut General Statutes. Connecticut General 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, 2014:

<b>Debt Securities</b>	<b>Fair Value</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>Unrated</b>
Short-term Investment Fund (STIF)	\$ 55,510	\$ 55,510	\$ -	\$ -	\$ -	\$ -
Money market mutual funds	40,966	-	-	-	-	40,966
Corporate and foreign bonds	129,619	-	7,687	82,175	39,757	-
U.S. Agencies securities	21,131	-	21,131	-	-	-
	<u>\$ 247,226</u>	<u>\$ 55,510</u>	<u>\$ 28,818</u>	<u>\$ 82,175</u>	<u>\$ 39,757</u>	<u>\$ 40,966</u>

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

**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 are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

**Concentrations of Credit Risk**

The Town places no limit on the amount of investment in any one issuer. The Town's investments in STIF and in certain equity mutual funds were the only individual holdings which exceeded 5% of the Town's total investments as of June 30, 2014. These investments are not subject to concentration of credit risk disclosures as that are considered to be diversified investments by their nature.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land and land development rights	\$ 968,756	\$ -	\$ -	\$ 968,756
Construction in progress	351,530	35,910	(387,440)	-
Total capital assets, not being depreciated	<u>1,320,286</u>	<u>35,910</u>	<u>(387,440)</u>	<u>968,756</u>
Capital assets, being depreciated:				
Buildings and improvements	14,212,992	102,761	-	14,315,753
Machinery, equipment and vehicles	3,258,327	118,676	-	3,377,003
Infrastructure	2,068,099	387,440	-	2,455,539
Total capital assets, being depreciated	<u>19,539,418</u>	<u>608,877</u>	<u>-</u>	<u>20,148,295</u>
Less accumulated depreciation for:				
Buildings and improvements	3,164,831	178,395	-	3,343,226
Machinery, equipment and vehicles	2,014,079	157,184	-	2,171,263
Infrastructure	310,204	68,153	-	378,357
Total accumulated depreciation	<u>5,489,114</u>	<u>403,732</u>	<u>-</u>	<u>5,892,846</u>
Total capital assets, being depreciated, net	<u>14,050,304</u>	<u>205,145</u>	<u>-</u>	<u>14,255,449</u>
Governmental activities capital assets, net	<u>\$ 15,370,590</u>	<u>\$ 241,055</u>	<u>\$ (387,440)</u>	<u>\$ 15,224,205</u>

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

<b>Governmental Activities:</b>	
General government	\$ 72,242
Public safety	30,025
Public works	94,315
Health and welfare	29,551
Library	4,110
Recreation	5,173
Education	168,316
Total depreciation expense - governmental activities	<u>\$ 403,732</u>

**TOWN OF ASHFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 JUNE 30, 2014

**NOTE E - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Other Governmental Funds	\$ 21,622
Capital Nonrecurring Fund	General Fund	715,826
Educational Grant Fund	General Fund	18,092
Other Governmental Funds	General Fund	104,013
Other Governmental Funds	Other Governmental Funds	28
		<u>\$ 859,581</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.

**NOTE F - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2014 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
Capital and Nonrecurring Fund	General Fund	\$ 666,761
Other Governmental Funds	General Fund	93,190
		<u>\$ 759,951</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.

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2014**

**NOTE G - FUND BALANCE**

The various components of fund balance at June 30, 2014 are as follows:

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Educational Grants Fund</u>	<u>Small Cities Grant Program Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:						
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ 81,000	\$ 81,000
Prepaid items	145	-	-	-	-	145
Restricted for:						
Grant and loan programs	-	-	-	1,412,294	-	1,412,294
Donor restrictions	-	-	-	-	6,695	6,695
Committed to:						
Library	15,923	-	-	-	-	15,923
General government	6,860	-	-	-	34,067	40,927
Capital outlay	-	825,216	-	-	-	825,216
Education	-	-	69	-	52,497	52,566
Public safety	-	-	-	-	43,256	43,256
Recreation	-	-	-	-	3,056	3,056
Assigned to:						
Public works	45,229	-	-	-	-	45,229
Education - carryover	19,152	-	-	-	-	19,152
300th Anniversary	16,083	-	-	-	-	16,083
General government	10,168	-	-	-	-	10,168
Education - encumbrances	12,251	-	-	-	-	12,251
Unassigned	1,910,173	-	-	-	-	1,910,173
	<u>\$ 2,035,984</u>	<u>\$ 825,216</u>	<u>\$ 69</u>	<u>\$ 1,412,294</u>	<u>\$ 220,571</u>	<u>\$ 4,494,134</u>

**NOTE H - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bond payable:					
General obligation bond	\$ 2,640,000	\$ -	\$ (250,000)	\$ 2,390,000	\$ 235,000
Unamortized premium	148,146	-	(7,748)	140,398	-
Total bond payable	2,788,146	-	(257,748)	2,530,398	235,000
Other liabilities:					
Contract payable	26,184	-	(13,092)	13,092	13,092
Compensated absences	33,426	34,949	(31,151)	37,224	7,445
Early retirement incentive	-	45,000	(30,000)	15,000	15,000
	<u>\$ 2,847,756</u>	<u>\$ 79,949</u>	<u>\$ (331,991)</u>	<u>\$ 2,595,714</u>	<u>\$ 270,537</u>

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

**TOWN OF ASHFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 JUNE 30, 2014

**NOTE H - LONG-TERM OBLIGATIONS *(Continued)***

***Bond Payable***

A summary of the bond payable outstanding at June 30, 2014 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>
<b>Governmental Activities</b>					
General obligation refunding bonds	2013	\$ 2,640,000	2033	2%-4%	\$ 2,390,000

Annual debt service requirements to maturity on the bond payable are as follows as of June 30, 2014:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	
	<u>Bond Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 235,000	\$ 63,500
2016	240,000	58,800
2017	230,000	54,100
2018	230,000	48,350
2019	225,000	41,525
2020-2024	920,000	108,425
2025-2029	160,000	46,600
2030-2033	150,000	12,400
	<u>\$ 2,390,000</u>	<u>\$ 433,700</u>

**Shared Debt**

The Town is contingently liable for its pro-rata share of Regional School District No. 19's (the "District") outstanding bonds. At June 30, 2014, the District's total outstanding bonds were \$8,070,000 of which \$4,472,576 is to be reimbursed by the State of Connecticut. The remaining balance of \$3,597,424 represents the District's net obligation with 19.88%, or \$715,168, 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.

**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 \$66,691,107 as of June 30, 2014. 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, 2014.

***Contract Payable***

The Town has entered into a long-term contract with the Northeastern Connecticut Council of Governments and other local Connecticut municipalities, in connection with revaluation services. Remaining contractual payments total \$13,092 as of June 30, 2014. Payments of \$13,092 are due annually, with the maturity date of the entire contract in fiscal year 2015.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE H - LONG-TERM OBLIGATIONS *(Continued)***

**Early Retirement Incentive**

Board of Education retirement obligations in the amount of \$15,000 represent payments owed to retired employees under terms of an Early Retirement Incentive Program. Such amount represents the total of future payments due to retirees who have accepted the terms of the Early Retirement Incentive Program as of June 30, 2014. The remaining benefits are expected to be paid during fiscal year 2015.

**NOTE I - 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, 2014, Town teachers contributed \$210,772 to the plan and covered payroll for the year was \$2,907,200.

The Town has reported "on-behalf" payments of \$720,695 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 \$49,070 for the year ended June 30, 2014.

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

**TOWN OF ASHFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 JUNE 30, 2014

**NOTE J - 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 Asset**

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	\$	33,796
Amortization of actuarial gain (loss)		(5,100)
Annual OPEB cost (expense)		28,696
Contributions made		28,696
Change in net OPEB asset		-
Net OPEB asset, beginning of year		-
Net OPEB asset, end of year	\$	-

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

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
2014	\$ 28,686	100%	\$ -
2013	28,894	100%	-
2012	28,708	100%	-

**TOWN OF ASHFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 JUNE 30, 2014

**NOTE J - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

***Funded Status and Funding Progress***

The funded status of the benefit obligation as of July 1, 2011 (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)
\$ -	\$ 116,856	\$ 116,856	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, 2011
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Dollar
Remaining amortization period:	7 years
Asset valuation method:	Fair Value
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	2.50%
Healthcare cost trend rate	10.00% (Initial)
	5.00% (Final)

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE K - 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 2014, 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 2013-2014, the Town paid approximately \$67,000 in premiums.

**NOTE L - 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.

The Town may be subject to rebate penalties to the federal government relating to various bond issues. The Town expects such amounts, if any, to be immaterial.

As of June 30, 2014, the Town has recorded \$12,251 in encumbrances. Such encumbrances have been included as part of the assigned to education fund balance in accordance with the provisions of GASB Statement No. 54.

**NOTE M - RECENTLY ISSUED ACCOUNTING STANDARDS**

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the effect implementation of this standard will have on its financial statements.

Required  
Supplementary  
Information

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF FUNDING PROGRESS (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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)
<b>Other Post-Employment Benefit Plan*</b>							
July 1, 2011	2012	\$ -	\$ 116,856	\$ 116,856	\$ -	N/A	N/A
July 1, 2008	2009	-	270,629	270,629	-	N/A	N/A

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

*See accompanying Independent Auditor's Report.*

# 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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>PROPERTY TAXES</b>				
Current year tax collections	\$ 9,133,947	\$ 9,133,947	\$ 9,133,833	\$ (114)
Prior year tax collections	72,000	72,000	193,057	121,057
Tax interest and liens	40,000	40,000	93,826	53,826
Motor vehicle supplement	57,000	57,000	83,550	26,550
Miscellaneous	150	150	271	121
<b>TOTAL PROPERTY TAXES</b>	<b>9,303,097</b>	<b>9,303,097</b>	<b>9,504,537</b>	<b>201,440</b>
<b>INTERGOVERNMENTAL REVENUES</b>				
Education cost sharing assistance	3,937,596	3,937,596	3,935,903	(1,693)
Town aid road grant	145,251	145,251	145,717	466
Transportation	-	-	63,554	63,554
Mohegan-Pequot grant	-	-	23,610	23,610
Tax relief for the elderly	16,000	16,000	19,464	3,464
Payment in lieu of taxes - AHA	10,000	10,000	-	(10,000)
Payment in lieu of taxes	-	-	5,629	5,629
Tax relief for veteran exemptions	1,000	1,000	1,660	660
Tax relief for disability exemptions	700	700	1,088	388
Aircraft reimbursement	180	180	180	-
Miscellaneous grants	-	-	109,428	109,428
<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b>4,110,727</b>	<b>4,110,727</b>	<b>4,306,233</b>	<b>195,506</b>
<b>CHARGES FOR SERVICES</b>				
Building licenses and permits	35,000	35,000	42,360	7,360
Conveyance tax	16,000	16,000	13,379	(2,621)
Recording fees	15,000	15,000	19,922	4,922
Open space recapture tax	1,000	1,000	-	(1,000)
BOE - bus garage usage	6,000	6,000	6,000	-
Copies of records	4,000	4,000	3,807	(193)
Miscellaneous	2,500	2,500	3,258	758
Zoning permits	1,000	1,000	1,242	242
Dog licenses	500	500	554	54
Wetlands permits	600	600	538	(62)
Recycling and transfer station	500	500	467	(33)
Hunting and fishing licenses	200	200	206	6
Marriage licenses	50	50	125	75
P&Z - reimbursements for services	5,000	5,000	-	(5,000)
P&Z miscellaneous	50	50	-	(50)
<b>TOTAL CHARGES FOR SERVICES</b>	<b>87,400</b>	<b>87,400</b>	<b>91,858</b>	<b>4,458</b>
<b>INVESTMENT INCOME</b>	<b>21,000</b>	<b>21,000</b>	<b>14,128</b>	<b>(6,872)</b>
<b>OTHER REVENUES</b>				
Miscellaneous	15,000	15,000	14,485	(515)
Donations - 300th Anniversary	-	-	13,952	13,952
Telephone access line	9,656	9,656	9,462	(194)
Level 3 Communications, LLC	10,696	10,696	7,973	(2,723)
<b>TOTAL OTHER REVENUES</b>	<b>35,352</b>	<b>35,352</b>	<b>45,872</b>	<b>10,520</b>
<b>TOTAL REVENUES</b>	<b>13,557,576</b>	<b>13,557,576</b>	<b>13,962,628</b>	<b>405,052</b>
<b>OTHER FINANCING SOURCES</b>				
Use of undesignated fund balance	-	746,533	-	(746,533)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 13,557,576</b>	<b>\$ 14,304,109</b>	<b>\$ 13,962,628</b>	<b>\$ (341,481)</b>

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>GENERAL GOVERNMENT</b>				
Board of Selectmen:				
Salaries and wages	\$ 99,243	\$ 101,228	\$ 101,178	\$ (50)
Purchased services	4,960	4,960	4,115	(845)
Supplies and materials	650	650	802	152
Other	510	510	666	156
300th Anniversary expenses	-	19,500	19,767	267
Total Board of Selectmen	<u>105,363</u>	<u>126,848</u>	<u>126,528</u>	<u>(320)</u>
Town Council:				
Professional and tech services	<u>50,000</u>	<u>50,000</u>	<u>48,876</u>	<u>(1,124)</u>
Data Processing and Contracted Services	<u>20,000</u>	<u>20,000</u>	<u>19,471</u>	<u>(529)</u>
Knowlton Hall Operations and Maintenance:				
Property services	15,100	15,100	10,217	(4,883)
Purchased services	1,850	1,850	4,478	2,628
Supplies and materials	10,250	10,250	12,107	1,857
Total Knowlton Hall Operations and Maintenance	<u>27,200</u>	<u>27,200</u>	<u>26,802</u>	<u>(398)</u>
Town Hall Operations and Maintenance:				
Property services	29,000	29,000	23,410	(5,590)
Purchased services	23,000	23,000	21,816	(1,184)
Supplies and materials	10,000	10,000	11,412	1,412
Total Town Hall Operations and Maintenance	<u>62,000</u>	<u>62,000</u>	<u>56,638</u>	<u>(5,362)</u>
Town Property Operations/Maintenance:				
Salaries and wages	39,609	37,509	38,974	1,465
Property services	12,824	17,824	18,453	629
Purchased services	4,000	4,000	1,200	(2,800)
Supplies and materials	1,000	1,000	1,223	223
Total Town Property Operations/Maintenance:	<u>57,433</u>	<u>60,333</u>	<u>59,850</u>	<u>(483)</u>
Earl Smith Senior Center:				
Salaries and wages	27,985	28,545	28,548	3
Property services	10,010	10,010	5,784	(4,226)
Purchased services	7,460	7,460	6,257	(1,203)
Supplies and materials	8,800	8,800	9,085	285
Equipment	200	200	130	(70)
Total Earl Smith Senior Center	<u>54,455</u>	<u>55,015</u>	<u>49,804</u>	<u>(5,211)</u>
Board of Finance:				
Salaries and wages	1,330	1,330	1,050	(280)
Professional and tech services	21,010	21,010	21,250	240
Purchased services	2,100	2,100	317	(1,783)
Supplies and materials	525	525	178	(347)
Total Board of Finance	<u>24,965</u>	<u>24,965</u>	<u>22,795</u>	<u>(2,170)</u>

*(Continued)*

**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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT (Continued)				
Assessors Office:				
Salaries and wages	\$ 55,265	\$ 56,271	\$ 51,348	\$ (4,923)
Purchased services	15,585	15,585	14,472	(1,113)
Supplies and materials	950	950	851	(99)
Equipment	-	-	550	550
Total Assessors Office	<u>71,800</u>	<u>72,806</u>	<u>67,221</u>	<u>(5,585)</u>
Board of Assessment Appeals:				
Salaries and wages	780	780	775	(5)
Purchased services	225	225	46	(179)
Total Board of Assessment Appeals	<u>1,005</u>	<u>1,005</u>	<u>821</u>	<u>(184)</u>
Tax Collector:				
Salaries and wages	79,182	77,206	63,471	(13,735)
Purchased services	13,178	13,178	13,568	390
Supplies and materials	1,450	1,450	570	(880)
Other	1,300	1,300	1,283	(17)
Total Tax Collector	<u>95,110</u>	<u>93,134</u>	<u>78,892</u>	<u>(14,242)</u>
Finance Department:				
Salaries and wages	80,629	83,919	83,900	(19)
Professional and tech services	8,375	10,943	10,942	(1)
Purchased services	5,943	5,943	5,635	(308)
Supplies and materials	1,000	1,000	1,036	36
Other	1,365	1,365	1,397	32
Total Finance Department	<u>97,312</u>	<u>103,170</u>	<u>102,910</u>	<u>(260)</u>
Town Clerk:				
Salaries and wages	79,041	77,758	77,155	(603)
Property services	3,725	3,725	2,148	(1,577)
Purchased services	24,400	24,400	21,353	(3,047)
Supplies and materials	4,075	4,075	4,119	44
Total Town Clerk	<u>111,241</u>	<u>109,958</u>	<u>104,775</u>	<u>(5,183)</u>
Town Election Expense:				
Salaries and wages	20,915	21,333	15,424	(5,909)
Professional and tech services	4,668	4,668	1,261	(3,407)
Purchased services	2,849	2,849	1,727	(1,122)
Supplies and materials	2,720	2,720	2,979	259
Total Town Election Expense	<u>31,152</u>	<u>31,570</u>	<u>21,391</u>	<u>(10,179)</u>
TOTAL GENERAL GOVERNMENT	<u>809,036</u>	<u>838,004</u>	<u>786,774</u>	<u>(51,230)</u>

*(Continued)*

**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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC SAFETY</b>				
Emergency Services:				
Salaries and wages	\$ 13,147	\$ 13,408	\$ 13,308	\$ (100)
Professional and tech services	100	100	-	(100)
Property services	750	750	625	(125)
Purchased services	6,160	8,431	8,436	5
Supplies and materials	100	100	-	(100)
Equipment	20	20	-	(20)
Total Emergency Services	<u>20,277</u>	<u>22,809</u>	<u>22,369</u>	<u>(440)</u>
 TOTAL PUBLIC SAFETY	 <u>20,277</u>	 <u>22,809</u>	 <u>22,369</u>	 <u>(440)</u>
<b>PUBLIC WORKS</b>				
Public Works Administration:				
Salaries and wages	287,397	292,157	284,555	(7,602)
Purchased services	1,000	1,000	500	(500)
Total Public Works Administration	<u>288,397</u>	<u>293,157</u>	<u>285,055</u>	<u>(8,102)</u>
Roads and Bridges:				
Property services	10,000	10,000	4,803	(5,197)
Supplies and materials	128,000	105,751	120,237	14,486
Total Roads and Bridges	<u>138,000</u>	<u>115,751</u>	<u>125,040</u>	<u>9,289</u>
Building, Maintenance and Repair:				
Property services	15,500	15,500	13,338	(2,162)
Purchased services	3,850	3,850	3,223	(627)
Supplies and materials	11,225	11,225	11,079	(146)
Total Building, Maintenance and Repair	<u>30,575</u>	<u>30,575</u>	<u>27,640</u>	<u>(2,935)</u>
Maintenance of Equipment:				
Property services	8,750	8,750	8,908	158
Supplies and materials	69,000	91,249	91,091	(158)
Total Maintenance of Equipment	<u>77,750</u>	<u>99,999</u>	<u>99,999</u>	<u>-</u>
Recycling Center:				
Salaries and wages	51,312	52,328	53,344	1,016
Professional and tech services	1,500	1,500	180	(1,320)
Property services	172,000	160,182	133,285	(26,897)
Purchased services	550	550	929	379
Supplies and materials	1,000	1,000	297	(703)
Other	850	850	800	(50)
Total Recycling Center	<u>227,212</u>	<u>216,410</u>	<u>188,835</u>	<u>(27,575)</u>
 TOTAL PUBLIC WORKS	 <u>761,934</u>	 <u>755,892</u>	 <u>726,569</u>	 <u>(29,323)</u>

*(Continued)*

**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, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>HEALTH &amp; WELFARE</b>				
Ashford Historical Society	\$ 200	\$ 200	\$ 165	\$ (35)
Agent for the Elderly	1,485	1,485	1,485	-
Commission on Aging	500	500	499	(1)
Contributions to Other Agencies	202,512	202,512	201,000	(1,512)
TOTAL HEALTH & WELFARE	204,697	204,697	203,149	(1,548)
<b>PLANNING AND DEVELOPMENT</b>				
Planning and Zoning:				
Salaries and wages	17,809	17,809	17,359	(450)
Professional and tech services	2,000	2,000	3,355	1,355
Purchased services	1,100	1,100	473	(627)
Supplies and materials	1,600	1,600	869	(731)
Equipment	-	-	247	247
Total Planning and Zoning	22,509	22,509	22,303	(206)
Zoning Board of Appeals:				
Purchased services	1,230	1,230	-	(1,230)
Inland Wetlands:				
Salaries and wages	9,855	9,855	9,330	(525)
Professional and tech services	8,000	8,000	8,120	120
Purchased services	1,650	1,650	348	(1,302)
Supplies and materials	700	700	242	(458)
Equipment	-	-	94	94
Total Inland Wetlands	20,205	20,205	18,134	(2,071)
Conservation Commission:				
Purchased services	360	360	685	325
Supplies and materials	850	850	416	(434)
Total Conservation Commission	1,210	1,210	1,101	(109)
Building Department:				
Salaries and wages	66,571	67,386	65,495	(1,891)
Professional and tech services	600	600	610	10
Purchased services	3,025	3,025	1,887	(1,138)
Supplies and materials	1,500	1,500	897	(603)
Equipment	-	-	246	246
Other	1,000	1,000	722	(278)
Total Building Department	72,696	73,511	69,857	(3,654)
Economic Development:				
Professional and tech services	1,200	1,200	1,349	149
Purchased services	350	350	165	(185)
Supplies and materials	400	400	-	(400)
Total Economic Development	1,950	1,950	1,514	(436)

*(Continued)*

*See accompanying Independent Auditor's Report.*

**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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>PLANNING AND DEVELOPMENT (Continued)</b>				
Water Pollution Control:				
Purchased services	\$ 30	\$ 30	\$ -	\$ (30)
Supplies and materials	10	10	-	(10)
Equipment	10	10	-	(10)
Total Water Pollution Control	<u>50</u>	<u>50</u>	<u>-</u>	<u>(50)</u>
Sexton:				
Salaries and wages	2,400	2,400	2,400	-
Purchased services	8,207	8,207	8,047	(160)
Supplies and materials	1,285	1,285	-	(1,285)
Total Sexton	<u>11,892</u>	<u>11,892</u>	<u>10,447</u>	<u>(1,445)</u>
<b>TOTAL PLANNING AND DEVELOPMENT</b>	<u>131,742</u>	<u>132,557</u>	<u>123,356</u>	<u>(9,201)</u>
<b>EDUCATION</b>				
Ashford Board of Education	7,035,706	7,035,706	7,003,519	(32,187)
Regional School District No. 19	3,611,262	3,611,262	3,611,262	-
<b>TOTAL EDUCATION</b>	<u>10,646,968</u>	<u>10,646,968</u>	<u>10,614,781</u>	<u>(32,187)</u>
<b>OTHER</b>				
Employee Benefits	358,676	358,984	319,648	(39,336)
Insurance	30,000	30,000	26,397	(3,603)
<b>TOTAL OTHER</b>	<u>388,676</u>	<u>388,984</u>	<u>346,045</u>	<u>(42,939)</u>
<b>DEBT SERVICE</b>				
Principal	232,500	250,000	250,000	-
Interest	99,721	75,140	56,386	(18,754)
<b>TOTAL DEBT SERVICE</b>	<u>332,221</u>	<u>325,140</u>	<u>306,386</u>	<u>(18,754)</u>
<b>TOTAL EXPENDITURES</b>	<u>13,295,551</u>	<u>13,315,051</u>	<u>13,129,429</u>	<u>(185,622)</u>
<b>OTHER FINANCING USES</b>				
Transfers out:				
Animal Fund	15,500	15,500	15,500	-
Babcock Library Fund	168,835	168,835	168,835	-
Recreation Fund	50,490	50,490	50,490	-
Youth Services Fund	27,200	27,200	27,200	-
Capital Projects Fund	-	666,761	666,761	-
Total Transfers	<u>262,025</u>	<u>928,786</u>	<u>928,786</u>	<u>-</u>
Continued appropriations - education	-	60,272	60,268	(4)
<b>TOTAL OTHER FINANCING USES</b>	<u>262,025</u>	<u>989,058</u>	<u>989,054</u>	<u>(4)</u>
<b>TOTAL EXPENDITURES AND     OTHER FINANCING USES</b>	<u>\$ 13,557,576</u>	<u>\$ 14,304,109</u>	<u>\$ 14,118,483</u>	<u>\$ (185,626)</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Grand List Year	Balance Uncollected June 30, 2013	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2014
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
1997	\$ 3,939	\$ -	\$ -	\$ 3,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1998	5,994	-	-	-	-	5,994	-	-	-	5,994
1999	6,044	-	-	-	-	6,044	-	-	-	6,044
2000	7,197	-	-	-	-	7,197	-	-	-	7,197
2001	12,504	-	-	-	-	12,504	-	-	-	12,504
2002	37,910	-	-	-	-	37,910	-	-	-	37,910
2003	32,121	-	-	-	-	32,121	-	-	-	32,121
2004	31,074	-	-	-	-	31,074	287	421	708	30,787
2005	33,911	-	-	-	-	33,911	334	449	783	33,577
2006	35,258	-	-	-	-	35,258	109	126	235	35,149
2007	37,406	-	-	-	-	37,406	213	197	410	37,193
2008	40,952	-	-	-	-	40,952	3,765	2,579	6,344	37,187
2009	62,801	-	-	-	-	62,801	23,537	10,135	33,672	39,264
2010	95,553	-	623	-	-	96,176	51,762	18,598	70,360	44,414
2011	193,621	-	1,890	1,843	-	193,668	113,050	27,080	140,130	80,618
Total prior years	636,285	-	2,513	5,782	-	633,016	193,057	59,585	252,642	439,959
2012	-	9,409,504	9,199	15,926	-	9,402,777	9,219,670	34,437	9,254,107	183,107
Total	\$ 636,285	\$ 9,409,504	\$ 11,712	\$ 21,708	\$ -	\$ 10,035,793	\$ 9,412,727	\$ 94,022	\$ 9,506,749	\$ 623,066

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Total cash collections for the year ended  
June 30, 2014:

Taxes	\$ 9,412,727
Interest and lien fees	<u>94,022</u>
Total	9,506,749

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	<u>20,552</u>
--------------------------------------	---------------

Base \$ 9,527,301

	<b>General Purposes</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt limitation:					
2-1/4 times base	\$ 21,436,427	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	42,872,855	-	-	-
3-3/4 times base	-	-	35,727,379	-	-
3-1/4 times base	-	-	-	30,963,728	-
3 times base	-	-	-	-	28,581,903
Total debt limitation	<u>21,436,427</u>	<u>42,872,855</u>	<u>35,727,379</u>	<u>30,963,728</u>	<u>28,581,903</u>
Indebtedness:					
Bond and note payable	2,390,000	-	-	-	-
Bonds payable, net - Regional School District No. 19	<u>-</u>	<u>715,168</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>2,390,000</u>	<u>715,168</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 19,046,427</u>	<u>\$ 42,157,687</u>	<u>\$ 35,727,379</u>	<u>\$ 30,963,728</u>	<u>\$ 28,581,903</u>
Total capacity of borrowing (7 times base)	\$ 66,691,107				
Total present indebtedness	<u>3,105,168</u>				
Margin for additional borrowing	<u><u>\$ 63,585,939</u></u>				

Nonmajor  
Governmental  
Funds

**TOWN OF ASHFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	<b>Nonmajor Special Revenue Funds</b>						<b>Total Special Revenue Funds</b>
	<b>Animal Fund</b>	<b>School Cafeteria Fund</b>	<b>Preservation of Historical Records Fund</b>	<b>Recreation Fund</b>	<b>AYSB Fund</b>	<b>Town Clerk Special Fund</b>	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 18,908	\$ 17,750	\$ -	\$ -	\$ -	\$ 36,658
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	13,202	-	-	-	-	13,202
Other	-	3,858	-	-	-	-	3,858
Due from other funds	43,670	-	-	6,871	31,660	21,840	104,041
Total assets	<u>\$ 43,670</u>	<u>\$ 35,968</u>	<u>\$ 17,750</u>	<u>\$ 6,871</u>	<u>\$ 31,660</u>	<u>\$ 21,840</u>	<u>\$ 157,759</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 1,860	\$ -	\$ 1,028	\$ 100	\$ -	\$ 2,988
Salaries and benefits payable	414	1,583	-	1,912	-	-	3,909
Due to other funds	-	8,924	5,523	-	28	-	14,475
Unearned revenue	-	2,636	-	875	-	-	3,511
Total liabilities	<u>414</u>	<u>15,003</u>	<u>5,523</u>	<u>3,815</u>	<u>128</u>	<u>-</u>	<u>24,883</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	43,256	20,965	12,227	3,056	31,532	21,840	132,876
Total fund balances	<u>43,256</u>	<u>20,965</u>	<u>12,227</u>	<u>3,056</u>	<u>31,532</u>	<u>21,840</u>	<u>132,876</u>
Total liabilities and fund balances	<u>\$ 43,670</u>	<u>\$ 35,968</u>	<u>\$ 17,750</u>	<u>\$ 6,871</u>	<u>\$ 31,660</u>	<u>\$ 21,840</u>	<u>\$ 157,759</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Concluded)**  
**JUNE 30, 2014**

	<b>Permanent Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Band and Library Fund</b>	<b>Cemetery Fund</b>	<b>Total Permanent Funds</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,270	\$ 13,600	\$ 19,870	\$ 56,528
Investments	-	75,000	75,000	75,000
Receivables:				
Grants and contracts	-	-	-	13,202
Other	-	-	-	3,858
Due from other funds	-	-	-	104,041
Total assets	<u>\$ 6,270</u>	<u>\$ 88,600</u>	<u>\$ 94,870</u>	<u>\$ 252,629</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	2,988
Salaries and benefits payable	-	-	-	3,909
Due to other funds	-	7,175	7,175	21,650
Unearned revenue	-	-	-	3,511
Total liabilities	<u>-</u>	<u>7,175</u>	<u>7,175</u>	<u>32,058</u>
<b>FUND BALANCES</b>				
Nonspendable	6,000	75,000	81,000	81,000
Restricted	270	6,425	6,695	6,695
Committed	-	-	-	132,876
Total fund balances	<u>6,270</u>	<u>81,425</u>	<u>87,695</u>	<u>220,571</u>
Total liabilities and fund balances	<u>\$ 6,270</u>	<u>\$ 88,600</u>	<u>\$ 94,870</u>	<u>\$ 252,629</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds						Total Special Revenue Funds
	Animal Fund	School Cafeteria Fund	Preservation of Historical Records Fund	Recreation Fund	AYSB Fund	Town Clerk Special Fund	
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ 88,125	\$ 4,000	\$ -	\$ 17,259	\$ -	\$ 109,384
Charges for services	5,097	86,021	1,674	37,585	9,212	1,713	141,302
Investment earnings	-	-	38	-	-	-	38
Total revenues	<u>5,097</u>	<u>174,146</u>	<u>5,712</u>	<u>37,585</u>	<u>26,471</u>	<u>1,713</u>	<u>250,724</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	5,308	-	-	-	5,308
Public safety	19,399	-	-	-	-	-	19,399
Education	-	166,715	-	-	49,029	-	215,744
Recreation	-	-	-	100,893	-	-	100,893
Total expenditures	<u>19,399</u>	<u>166,715</u>	<u>5,308</u>	<u>100,893</u>	<u>49,029</u>	<u>-</u>	<u>341,344</u>
Excess (deficiency) of revenues over expenditures	(14,302)	7,431	404	(63,308)	(22,558)	1,713	(90,620)
<b>OTHER FINANCING SOURCES</b>							
Transfers in	15,500	-	-	50,490	27,200	-	93,190
Total other financing sources	<u>15,500</u>	<u>-</u>	<u>-</u>	<u>50,490</u>	<u>27,200</u>	<u>-</u>	<u>93,190</u>
Net change in fund balances	1,198	7,431	404	(12,818)	4,642	1,713	2,570
Fund balances - beginning	<u>42,058</u>	<u>13,534</u>	<u>11,823</u>	<u>15,874</u>	<u>26,890</u>	<u>20,127</u>	<u>130,306</u>
Fund balances - ending	<u>\$ 43,256</u>	<u>\$ 20,965</u>	<u>\$ 12,227</u>	<u>\$ 3,056</u>	<u>\$ 31,532</u>	<u>\$ 21,840</u>	<u>\$ 132,876</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*  
 FOR THE YEAR ENDED JUNE 30, 2014

	Permanent Funds			Total Nonmajor Governmental Funds
	Band and Library Fund	Cemetery Fund	Total Permanent Funds	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 109,384
Charges for services	-	-	-	141,302
Investment earnings	13	271	284	322
Total revenues	<u>13</u>	<u>271</u>	<u>284</u>	<u>251,008</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	2,225	2,225	7,533
Public safety	-	-	-	19,399
Education	-	-	-	215,744
Recreation	-	-	-	100,893
Total expenditures	<u>-</u>	<u>2,225</u>	<u>2,225</u>	<u>343,569</u>
Excess (deficiency) of revenues over expenditures	13	(1,954)	(1,941)	(92,561)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	93,190
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,190</u>
Net change in fund balances	13	(1,954)	(1,941)	629
Fund balances - beginning	<u>6,257</u>	<u>83,379</u>	<u>89,636</u>	<u>219,942</u>
Fund balances - ending	<u>\$ 6,270</u>	<u>\$ 81,425</u>	<u>\$ 87,695</u>	<u>\$ 220,571</u>

*See accompanying Independent Auditor's Report.*

# Fiduciary Funds

**TOWN OF ASHFORD, CONNECTICUT**  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 JUNE 30, 2014

	<u>School Activity Fund</u>	<u>Babcock Cornet Band Fund</u>	<u>Babcock Fund</u>	<u>Contractor Bond Fund</u>	<u>Ashford Food Bank Fund</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,352	\$ 15,568	\$ 2,461	\$ 16,754	\$ 866	\$ 44,001
Receivables	11,507	-	-	-	-	11,507
Total assets	<u>\$ 19,859</u>	<u>\$ 15,568</u>	<u>\$ 2,461</u>	<u>\$ 16,754</u>	<u>\$ 866</u>	<u>\$ 55,508</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 196	\$ -	\$ -	\$ 2,000	\$ 258	\$ 2,454
Due to others	19,663	15,568	2,461	14,754	608	53,054
Total liabilities	<u>\$ 19,859</u>	<u>\$ 15,568</u>	<u>\$ 2,461</u>	<u>\$ 16,754</u>	<u>\$ 866</u>	<u>\$ 55,508</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance, July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2014</u>
<b>Student Activity Fund</b>				
Assets				
Cash and cash equivalents	\$ 18,810	\$ 29,797	\$ 40,255	\$ 8,352
Receivables	657	11,582	732	11,507
Total assets	<u>\$ 19,467</u>	<u>\$ 41,379</u>	<u>\$ 40,987</u>	<u>\$ 19,859</u>
Liabilities				
Accounts payable	\$ -	\$ 196	\$ -	\$ 196
Due to others	19,467	40,270	40,074	19,663
Total liabilities	<u>\$ 19,467</u>	<u>\$ 40,466</u>	<u>\$ 40,074</u>	<u>\$ 19,859</u>
<b>Babcock Cornet Band Fund</b>				
Assets				
Cash and cash equivalents	\$ 15,536	\$ 32	\$ -	\$ 15,568
Total assets	<u>\$ 15,536</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 15,568</u>
Liabilities				
Due to others	\$ 15,536	\$ 32	\$ -	\$ 15,568
Total liabilities	<u>\$ 15,536</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 15,568</u>
<b>Babcock Fund</b>				
Assets				
Cash and cash equivalents	\$ 2,456	\$ 5	\$ -	\$ 2,461
Total assets	<u>\$ 2,456</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 2,461</u>
Liabilities				
Due to others	\$ 2,456	\$ 5	\$ -	\$ 2,461
Total liabilities	<u>\$ 2,456</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 2,461</u>

*(Continued)*

**TOWN OF ASHFORD, CONNECTICUT**  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES *(Concluded)*  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance, July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2014</u>
<b>Contractor Bond Fund</b>				
Assets				
Cash and cash equivalents	\$ 16,721	\$ 33	\$ -	\$ 16,754
Total assets	<u>\$ 16,721</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 16,754</u>
Liabilities				
Accounts Payable	\$ 2,000	\$ -	\$ -	\$ 2,000
Due to others	14,721	33	-	14,754
Total liabilities	<u>\$ 16,721</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 16,754</u>
<b>Ashford Food Bank Fund</b>				
Assets				
Cash and cash equivalents	\$ 864	\$ 2	\$ -	\$ 866
Total assets	<u>\$ 864</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 866</u>
Liabilities				
Accounts Payable	\$ 258	\$ -	\$ -	\$ 258
Due to others	606	2	-	608
Total liabilities	<u>\$ 864</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 866</u>
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 54,387	\$ 29,869	\$ 40,255	\$ 44,001
Receivables	657	11,582	732	11,507
Total assets	<u>\$ 55,044</u>	<u>\$ 41,451</u>	<u>\$ 40,987</u>	<u>\$ 55,508</u>
Liabilities				
Accounts payable	\$ 2,258	\$ 196	\$ -	\$ 2,454
Due to others	52,786	40,342	40,074	53,054
Total liabilities	<u>\$ 55,044</u>	<u>\$ 40,538</u>	<u>\$ 40,074</u>	<u>\$ 55,508</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
**FEDERAL AND STATE SINGLE AUDIT REPORTS**  
**JUNE 30, 2014**

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Internal  
Control and  
Compliance  
Report

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Finance  
Town of Ashford, Connecticut

We have audited, in accordance with the 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, the 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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 28, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mahoney Sabol + Company, LLP". The signature is written in a cursive, flowing style.

Glastonbury, Connecticut  
November 28, 2014

# Federal Single Audit Section

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133,  
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Finance  
Town of Ashford, Connecticut

**Report on Compliance for Each Major Program**

We have audited the Town of Ashford, Connecticut's (the "Town") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2014. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

*Opinion on Each Major Federal Program*

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### Report on Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon, dated November 28, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Glastonbury, Connecticut  
November 28, 2014

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Grantor; Pass-Through Grantor; Program Title	Grant Number	Federal CFDA Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Passed through the State of Connecticut Department of Administrative Services:</b>			
National School Lunch Program - Commodities	-	10.555	\$ 10,280
<b>Passed through the State of Connecticut Department of Education:</b>			
National School Lunch Program	12060-SDE64370-20560	10.555	56,627
National School Breakfast Program	12060-SDE64370-20508	10.553	12,081
Special Milk Program for Children	12060-SDE64370-20500	10.556	207
<b>Total U.S. Department of Agriculture</b>			<u>79,195</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Passed through State of Connecticut Department of Housing:</b>			
Small Cities Community Development Block Grant	12060-DOH46930-20730	14.228	229,500
<b>Direct</b>			
Small Cities Community Development Block Grant - Program Income	-	14.228	72,127
<b>Total U.S. Department of Housing and Urban Development</b>			<u>301,627</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Direct:</b>			
English Language Acquisition State Grants	-	84.365	837
Rural Education - 2014	-	84.358	31,677
Rural Education - 2013	-	84.358	13,856
			<u>45,533</u>
<b>Passed through the State of Connecticut Department of Education:</b>			
Special Education - Grants to States - 2014	12060-SDE64370-20977	84.027	102,456
Special Education - Preschool Grants - 2014	12060-SDE64370-20983	84.173	6,952
			<u>109,408</u>
Title I - Improving Basic Programs - 2014	12060-SDE64370-20679	84.010	47,181
Title II - Improving Teacher Quality State Grants - 2014	12060-SDE64370-20858	84.367	6,795
<b>Total U.S. Department of Education</b>			<u>209,754</u>
<b>U.S. DEPARTMENT OF PUBLIC SAFETY</b>			
<b>Passed through State of Connecticut Department of Public Safety:</b>			
Emergency Management Performance	12060-DPS32160-21881	97.042	1,049
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u>\$ 591,625</u>

*The accompanying notes are an integral part of this schedule.*

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

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**NOTE A - ACCOUNTING BASIS**

**BASIC FINANCIAL STATEMENTS**

The accounting policies of the Town of Ashford, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

**NOTE B - OTHER FEDERAL ASSISTANCE**

The United States Department of Agriculture makes available commodities for donations to schools. An amount of \$10,280 is reflected in the expenditures column in the accompanying schedule of expenditures of federal awards and represents the market value of such commodities received during the period.

No other federal assistance was received in the form of loans, loan guarantees or insurance.

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

○ Material weakness(es) identified? \_\_\_\_\_ Yes    ✓ No

○ Significant deficiency(ies) identified? \_\_\_\_\_ Yes    ✓ None

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes    ✓ No

**Federal Awards**

Internal control over major programs:

○ Material weakness(es) identified? \_\_\_\_\_ Yes    ✓ No

○ Significant deficiency(ies) identified? \_\_\_\_\_ Yes    ✓ None

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? \_\_\_\_\_ Yes    ✓ No

Identification of major programs:

CFDA Number	Name of Federal Program
14.228	Small Cities Community Development Block Grant
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes    ✓ No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No findings reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings or questioned costs reported.

**SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS**

No findings were reported.

State Single  
Audit Section

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
CONNECTICUT STATE SINGLE AUDIT ACT,  
AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

To the Board of Finance  
Town of Ashford, Connecticut

**Report on Compliance for Each Major Program**

We have audited the Town of Ashford, Connecticut's (the "Town") compliance with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2014. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

*Opinion on Each Major State Program*

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

### Report on Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon, dated November 28, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the Connecticut State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



Glastonbury, Connecticut  
November 28, 2014

**TOWN OF ASHFORD, CONNECTICUT**  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2014

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core - CT Number	Expenditures
<b>NONEXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
High Quality Schools Start Up	12052-SDE64370-43538	\$ 24,993
Primary Mental Health Grant	11000-SDE64370-12198	16,047
Youth Service Bureau Grant	11000-SDE64370-17052	14,000
Healthy Foods Initiative Grant	11000-SDE64370-16212	3,898
Youth Service Bureau Enhancement Grant	11000-SDE64370-16201	3,259
School Breakfast - State Match	11000-SDE64370-17046	3,127
Child Nutrition Program - School Lunch State Match	11000-SDE64370-16211	1,905
<b>Total Department of Education</b>		<u>67,229</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Small Town Economic Assistance Program	12052-OPM20870-40530	187,440
Local Capital Improvement Program	12050-OPM20600-40254	51,057
Multiple Purposes and Projects	12050-OPM20600-43587	3,369
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	5,629
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	19,464
Property Tax Relief for Veterans	11000-OPM20600-17024	1,660
Property Tax Relief for Disabled Exemption	11000-OPM20600-17011	1,088
<b>Total Office of Policy and Management</b>		<u>269,707</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
<b>Direct:</b>		
Town Aid Road Grants	13033-DOT57131-43459	273,258
Small Town Economic Assistance Program	12052-DOT57191-40532	8,989
<b>Total Department of Transportation</b>		<u>282,247</u>
<b>CONNECTICUT STATE LIBRARY</b>		
<b>Direct:</b>		
Historic Document Preservation	12060-CSL66094-35150	4,000
State Grants to Public Libraries	11000-CSL66051-17003	1,207
Connecticard Payments	11000-CSL66051-17010	111
<b>Total Connecticut State Library</b>		<u>5,318</u>
<b>CONNECTICUT OFFICE OF EARLY CHILDHOOD EDUCATION</b>		
<b>Direct:</b>		
School Readiness	11000-OEC64845-12113	107,000
<b>DEPARTMENT OF PUBLIC SAFETY</b>		
<b>Direct:</b>		
School Security Infrastructure	12052-DPS32183-43546	95,377
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>826,878</u>

*The accompanying note is an integral part of this schedule.*

**TOWN OF ASHFORD, CONNECTICUT**  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE *(Continued)*  
 FOR THE YEAR ENDED JUNE 30, 2014

<u>State Grantor; Pass-Through Grantor; Program Title</u>	<u>State Grant Program Core - CT Number</u>	<u>Expenditures</u>
<b>EXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
Educational Equalization Grant	11000-SDE64370-17041	\$ 3,935,903
Special Education - Excess Cost Grant	11000-SDE64370-17047	85,641
Transportation of School Children	11000-SDE64370-17027	63,554
<b>Total Department of Education</b>		<u>4,085,098</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Municipal Revenue Sharing	12060-OPM20600-35458	31,423
Mashantucket Pequot Grant	12009-OPM20600-17005	23,610
<b>Total Office of Policy and Management</b>		<u>55,033</u>
<b>Total Exempt Programs</b>		<u>4,140,131</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 4,967,009</u>

*The accompanying note is an integral part of this schedule.*

**TOWN OF ASHFORD, CONNECTICUT**  
NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2014

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Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Ashford, Connecticut (the "Town") through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of 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 the more significant policies relating to the aforementioned grant programs.

***BASIS OF ACCOUNTING***

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

The schedule of expenditures of state financial assistance contained in this report is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**I. SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:		Unmodified		
Internal control over financial reporting:				
<input type="radio"/> Material weakness(es) identified?	_____	Yes	_____ <input checked="" type="checkbox"/>	No None
<input type="radio"/> Significant deficiency(ies) identified?	_____	Yes	_____ <input checked="" type="checkbox"/>	Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <input checked="" type="checkbox"/>	No

**STATE FINANCIAL ASSISTANCE**

Internal control over major programs:				
<input type="radio"/> Material weakness(es) identified?	_____	Yes	_____ <input checked="" type="checkbox"/>	No None
<input type="radio"/> Significant deficiency(ies) identified?	_____	Yes	_____ <input checked="" type="checkbox"/>	Reported
Type of auditors' report issued on compliance for major programs:				
			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	_____	Yes	_____ <input checked="" type="checkbox"/>	No

The following schedule reflects the major programs included in the audit:

State Grantor/Program	State Grant Program Core-CT Number	Expenditures
<b>Department of Transportation</b>		
Town Aid Road Grants	13033-DOT57131-43459	\$ 273,258
<b>Office of Early Childhood Education</b>		
School Readiness	11000-OEC64845-12113	107,000
<b>Department of Public Safety</b>		
School Security Infrastructure	12052-DPS32183-43546	95,377

Dollar threshold used to distinguish between Type A and Type B programs: \$100,000

**II. FINANCIAL STATEMENT FINDINGS**

No findings reported.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No findings reported.

**SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS**

No findings were reported.

**TOWN OF ASHFORD, CONNECTICUT**  
**COMMUNICATION WITH**  
**THOSE CHARGED WITH GOVERNANCE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

To the Board of Finance  
Town of Ashford, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ashford, Connecticut (the “Town”) for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, OMB Circular A-133, and the Connecticut State Single Audit Act, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 29, 2014. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town’s financial statements were:

- Allowance for doubtful accounts – Property taxes and interest receivable are subject to credit risk. Although liens are typically filed on delinquent customers to secure the Town’s interest in the receivables, amounts may not be realized by Town in the near term. Accordingly, the Town performs an evaluation of collectability and based on factors surrounding the credit risk of specific taxpayers, historical trends, and other information, management has established allowances for potential credit losses as of June 30, 2014.
- Depreciable lives – Management’s estimate of the determination of depreciation and amortization expense is based on assignment of estimated useful lives.
- Net OPEB obligation – The Town offers other post-employment benefits (“OPEB”) and participating retirees are given access to insurance rates offered to the Town’s active employees. Funding for these benefits is provided through actuarially determined annual required contributions (“ARC”) made to the plans by the Town. The determination of the ARC involves a number of actuarial assumptions, including the use of a discount rate. The net OPEB obligation represents the cumulative effect of current and past under funding of the ARC.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- Reclassification of revenue and expenditures related to the Small Cities Grant Fund and current year loan activity; and
- Deferral of Town Aid Road Funds which are currently available to the Town but not yet earned and therefore should not yet be recognized.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 28, 2014.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

We applied certain limited procedures to management's discussion and analysis, and the schedule of funding progress, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Finance and management of the Town of Ashford, Connecticut, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Mahoney Sabol + Company, LLP*

Glastonbury, Connecticut  
November 28, 2014

**TOWN OF ASHFORD, CONNECTICUT**  
**COMMUNICATION OF INTERNAL CONTROL**  
**RELATED MATTERS**

**JUNE 30, 2014**

To the Board of Finance and management of the  
Town of Ashford, Connecticut

In connection with our audit of the financial statements of the Town of Ashford, Connecticut (the “Town”), as of June 30, 2014 and for the year then ended, auditing standards generally accepted in the United States of America (“US GAAS”) require that we advise management and the Board of Finance (hereinafter referred to as “those charged with governance”) of certain internal control matters identified during our audit.

### **Our responsibilities**

Our responsibility, as prescribed by US GAAS, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes consideration of internal control over financial reporting (hereinafter referred to as “internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of identifying deficiencies in internal control or expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we express no such opinion on internal control effectiveness.

### **Identified deficiencies in internal control**

During our audit, we became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiencies:

#### **System: Board of Education**

##### ***Purchasing Policy and Procedures***

During our audit, we noted that a school project funded out of the Capital Project Fund was initially procured and awarded solely by the Superintendent of Schools. The spending of Capital Project Funds is subject to oversight of the Board of Finance and the purchase of goods and services from capital funds should adhere to the Town’s ordinance on purchasing.

Although this deviation from the Town’s purchasing ordinance was subsequently identified and addressed by the Town, we recommend that the Board of Education’s purchasing policy and procedures be updated to address instances whereby the Town’s purchasing ordinance is required to be followed.

**System: Board of Education (Continued)**

***Purchasing Policy and Procedures (Continued)***

In addition, during the prior year audit, we noted that the Board of Education adopted a purchasing policy and procedures relating to purchasing and awarding of contracts. Within this policy we noted that specifications, advertising, opening, record keeping, awarding, and waivers related to the bid process were all at the discretion and authorization of the Superintendent of Schools. In addition, it was noted that subsequent to the resignation of the Board of Education Business Manager, only one approval, from the Superintendent of Schools, is required on all purchase requisition and purchase orders. No additional approval is required on any purchases, including those initiated by the Superintendent. We recommended that the Board of Education consider adding additional levels of approval and involve other individuals in the purchasing and authorization process, to ensure adequate segregation of duties has been achieved.

During the current year audit, it was noted that in practice, the Superintendent of Schools has begun working cooperatively with the First Selectman and the Town Finance Office concerning any potential or actual requests for proposals for capital purchases. In addition, bid postings have been a mutual effort of both the Town and the Superintendent. While this practice improves the overall segregation of duties we recommend that the Board of Education update its purchasing policy to incorporate these changes.

It was further noted that in practice, purchases initiated by the Superintendent of Schools continue to be processed with no additional approval. We continue to recommend that the Board of Education consider adding an additional level of approval for purchases initiated by the Superintendent to ensure adequate segregation of duties.

***Processing of Purchase Orders***

During the current year audit, we identified a number of purchase orders that were dated subsequent to the invoice date, indicating that the purchase may not have been authorized prior to item acquisition.

Although there are situations where purchases may be required prior to obtaining the appropriate authorizations (i.e. due to an emergency), these situations should be limited and adequately documented. For all non-emergency purchases, we recommend that the employees responsible for purchasing be informed of the Board of Education's purchasing policies and procedures and that such employees be held accountable for compliance.

***Student Activity Funds: Timeliness of Deposits***

During our audit, we identified certain instances where student activity receipts were not deposited in a timely manner. Although the receipts are kept in a secure location, failing to make timely deposits increases the risk of error and the risk of misappropriation of funds.

We recommend that deposits be made in a timely manner, with as little cash as possible being kept in departmental offices after business hours.

***Control over Capital-type Items***

During our audit, we noted that the Board of Education has made significant investments in technology equipment and these items have not been capitalized since they do not meet the definition of capitalized assets for financial reporting purposes. When these items are not capitalized, care should be taken to ensure that adequate control is maintained to safeguard the existence of and to ensure accountability over such items.

**System: Board of Education (Continued)**

***Control over Capital-type Items (Continued)***

We recommend that the Board of Education undertake a systematic effort to identify all of its controlled capital-type items. The Board of Education Finance Department should capture capital-type items as part of the normal disbursement process. Disposal of items should be documented and reported to the Board of Education Finance Department. In addition, as part of the year-end closing process, a detailed listing of capital-type items should be prepared along with an explanation of changes from the previous year. The detailed listing of capital-type items should be maintained by the Board of Education Finance Department and should be periodically verified to ensure the reliability and completeness of the listing.

***Disposal of Fully Depreciated Capital Assets***

During our audit, we noted that the current capital asset listing of the Board of Education includes a number of older fully depreciated assets that may no longer be held by the Board of Education.

We recommend that the Board of Education implement procedures that requires periodic notification to the Board of Education Finance Department of capital asset disposals to ensure timely and accurate recording for financial reporting purposes. Documentation of disposals should include the method of disposal, approval obtained and the sale amount, if applicable.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations.

We appreciate the courtesies extended to us by the management and staff of the Town, and would be happy to discuss the above matters further at your request.

This communication is intended solely for the information and use of the Board of Finance and management of the Town, the Office of Policy and Management, and federal and state awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

*Mahoney Sabol + Company, LLP*

Glastonbury, Connecticut  
November 28, 2014