

**TOWN OF ASHFORD, CONNECTICUT**

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

**JUNE 30, 2016**

# CONTENTS

	Page
<b>Independent Auditor’s Report</b>	1
<b>Management’s Discussion and Analysis (Unaudited)</b>	3
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Governmental Fund Financial Statements:	
Balance Sheet	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund	19
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Position	21
Notes to Financial Statements	22
<b>Required Supplementary Information (Unaudited):</b>	
Schedule of Funding Progress – Other Post-employment Benefits (Unaudited)	48
Schedule of the Town’s Proportionate Share of the Net Pension Liability – Connecticut State Teachers’ Retirement System (Unaudited)	49
<b>Combining and Individual Fund Statements and Schedules:</b>	
General Fund:	
Schedule of Revenues and Other Financing Sources – Budget and Actual – Budgetary Basis	50
Schedule of Expenditures and Other Financing Uses – Budget and Actual – Budgetary Basis	51
Schedule of Property Taxes Levied, Collected and Outstanding	56
Schedule of Debt Limitation	57
Nonmajor Governmental Funds:	
Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	60
Fiduciary Funds:	
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities	62
Combining Statement of Changes in Fiduciary Assets and Liabilities	63

---

## **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, 2016, 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, 2016, 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 schedules on page 48 and 49 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 on pages 50 through 64 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 December 6, 2016, 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  
December 6, 2016

---

## **Management's Discussion and Analysis**

---

**TOWN OF ASHFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
JUNE 30, 2016

---

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, 2016.

**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 \$17,631,181 (net position). Of this amount, \$3,102,020 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$406,267.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,572,829, a decrease of \$53,930 in comparison with the prior year. Approximately 37.4% or \$1,708,311 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 \$1,708,311 or 11.5% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.3 months of General Fund operating expenditures.
- The principal balance outstanding on the Town's long-term bonded debt decreased by \$240,000 or 11.1%, from \$2,155,000 as of June 30, 2015 to \$1,915,000 as of June 30, 2016. The decrease represents scheduled repayments made during the current fiscal year.

**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.

**TOWN OF ASHFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*  
JUNE 30, 2016

---

**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, the Capital Nonrecurring Fund, the Educational Grants Fund, and the 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)**  
**JUNE 30, 2016**

---

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

**Fund 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 47 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 pages 48 and 49 of this report. Combining and individual fund statements and schedules can be found on pages 50 through 64 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

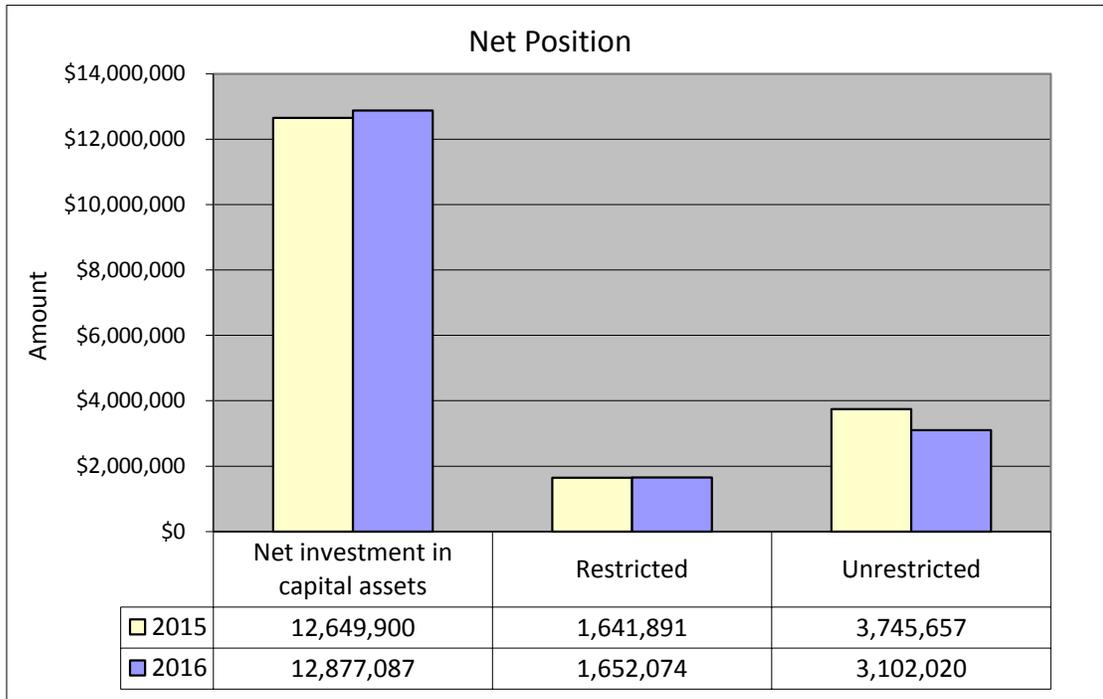
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$17,631,181 and \$18,037,448 as of June 30, 2016 and 2015, respectively, and is summarized as follows:

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 5,504,695	\$ 6,453,575
Capital assets	15,345,690	15,357,678
Total assets	<u>20,850,385</u>	<u>21,811,253</u>
 Deferred outflows of resources	 <u>20,297</u>	 <u>21,595</u>
 Other liabilities	 581,082	 938,858
Long-term liabilities	2,658,419	2,856,542
Total liabilities	<u>3,239,501</u>	<u>3,795,400</u>
 Net position:		
Net investment in capital assets	12,877,087	12,649,900
Restricted	1,652,074	1,641,891
Unrestricted	3,102,020	3,745,657
Total net position	<u>\$ 17,631,181</u>	<u>\$ 18,037,448</u>

**TOWN OF ASHFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2016**

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

**Net Position (Continued)**



Of the Town's net position, 73.0% and 70.1% reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding, as of June 30, 2016 and 2015, respectively. 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.

As of June 30, 2016 and 2015, 9.4% and 9.1%, respectively, 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.

**TOWN OF ASHFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2016**

---

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

**Changes in Net Position**

Changes in net position for the years ended June 30, 2016 and 2015 are as follows:

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 466,838	\$ 484,253
Operating grants and contributions	5,703,313	5,880,975
Capital grants and contributions	80,030	36,508
General revenues:		
Property taxes	9,411,816	9,659,051
Grants and contributions not restricted	74,732	86,990
Unrestricted investment earnings	15,836	17,376
Total revenues	15,752,565	16,165,153
Expenses:		
General government	1,061,547	1,092,684
Public safety	317,521	314,315
Public works	1,386,755	1,279,719
Health and welfare	119,870	83,147
Planning and development	202,236	291,497
Education	12,693,330	12,660,421
Library	199,127	190,834
Recreation	119,740	100,465
Interest expense	58,706	60,276
Total expenses	16,158,832	16,073,358
Change in net position	\$ (406,267)	\$ 91,795

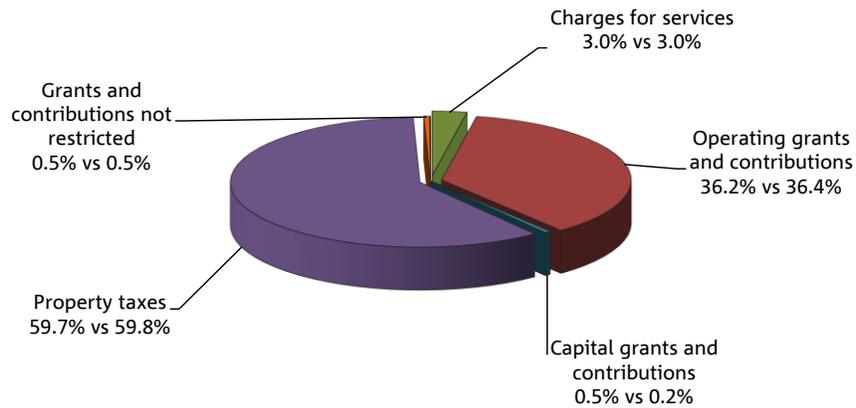
**TOWN OF ASHFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2016**

---

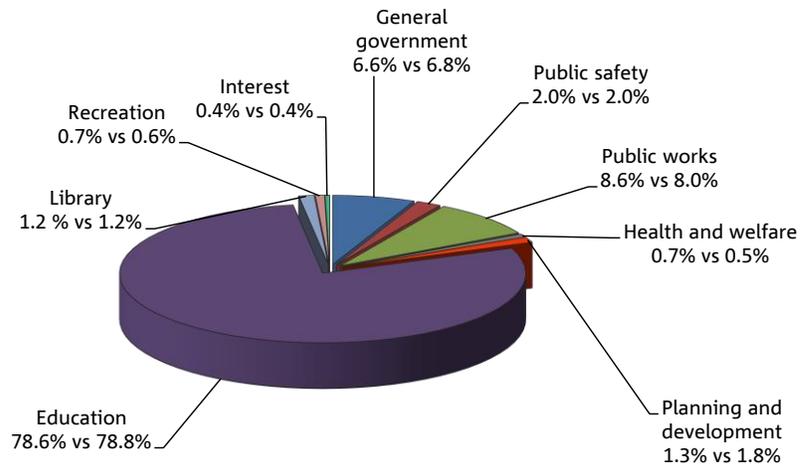
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Changes in Net Position (Continued)**

**2016 vs 2015 Revenues by Source -  
Governmental Activities**



**2016 vs 2015 Expenses by Function -  
Governmental Activities**



**TOWN OF ASHFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*  
JUNE 30, 2016

---

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

**Governmental Activities**

Governmental activities decreased the Town's net position by \$406,267.

Revenues generated by the Town decreased by approximately \$412,500 or 2.6% in comparison to revenues reported in the prior year. This decrease was due primarily to a decrease in operating grants and contributions of approximately \$178,000 and a decrease in property tax revenues of approximately \$247,000. The decrease in operating grants and contributions was primarily related to a planned decrease of \$237,000 in operating grants received in connection with the administration of the Town's federally funded residential rehabilitation loan program. Property tax revenues recognized in the current year were negatively impacted by an increase in the allowance for uncollectibles of approximately \$609,000 primarily attributed to delinquent taxes on an abandoned industrial property.

Expenses incurred by the Town increased by approximately \$85,500 or 0.5% in comparison to expenses reported in the prior year.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,572,829, an decrease of \$53,930 in comparison with the prior year. Of this amount, \$1,708,311 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 \$1,708,311, while total fund balance was \$1,832,182. 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 as of June 30, 2016 was 11.5% of total General Fund expenditures, an increase from 11.1% as of June 30, 2015. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.4 months of General Fund operating expenditures.

**Capital Nonrecurring Fund**

The fund balance of the Capital Nonrecurring Fund decreased by \$168,021 during the current fiscal year. This decrease is primarily related to a planned use of fund balance to fund capital expenditures and related debt service payments. The planned use of fund balance was offset by a transfer in from the General Fund in the amount of \$218,427, which represented the portion of the prior year General Fund fund balance in excess of 10.0% of budgeted General Fund expenditures.

**TOWN OF ASHFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*  
JUNE 30, 2016

---

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

**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 \$7,725 during the current fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$107,696. Expenditures were \$93,315 less than budgeted, and total budgetary revenues were \$268,208 more than expected due primarily to a favorable variance in property tax revenues. Differences between the original budget and the final amended budget resulted in additional appropriations of \$302,218, including \$234,827 transferred to the Capital Nonrecurring Fund, which represented the portion of the prior year General Fund fund balance in excess of 10.0% of budgeted General Fund expenditures, and \$48,391 in unexpended fiscal year 2015 budgetary education appropriations assigned to education for capital purposes.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets as of June 30, 2016 and 2015 totaled \$15,345,690 and \$15,357,678, 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 \$11,988 or 0.1%, which consisted of capital additions of \$458,510, offset by current year depreciation of \$456,498 and a net loss on disposals of \$14,000.

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

- the purchase of a school bus in the amount of approximately \$82,000 for educational services;
- the purchase and installation of a new phone and paging system in the amount of approximately \$50,000 to improve safety within the Town's educational facilities;
- the purchase of a tractor mower in the amount of approximately \$148,000 for the purpose of clearing brush from Town roads.

The costs associated with the purchase of the tractor mower has been funded through a capital lease obligation. The associated debt service for the tractor mower is expected to be funded through annual capital contributions from a third-party energy provider conditioned upon continued participation in and agreed upon municipal brush control program.

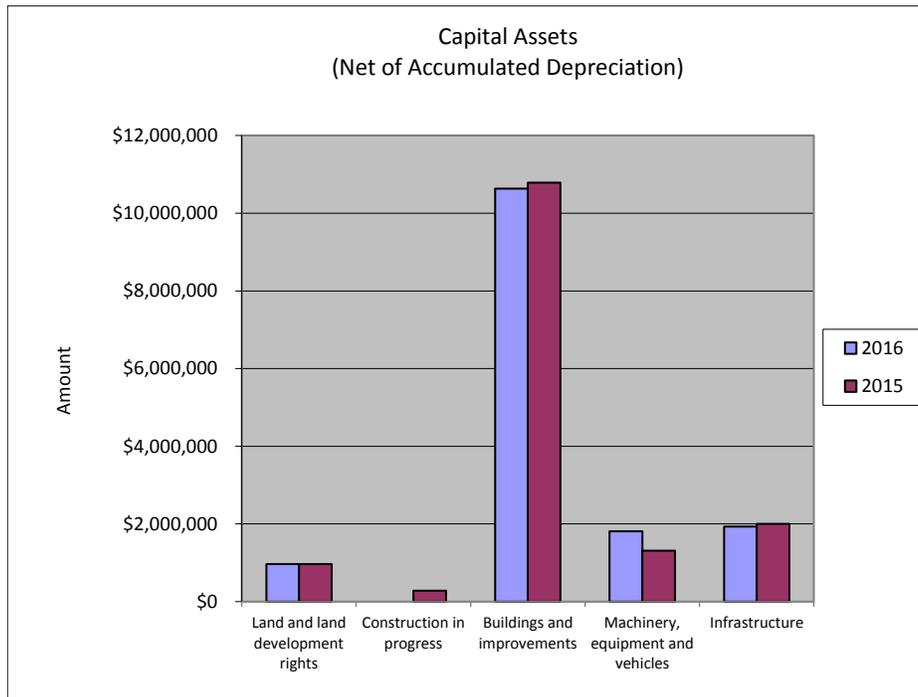
**TOWN OF ASHFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2016**

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

**Capital Assets (Continued)**

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

	Governmental Activities	
	2016	2015
Land and land development rights	\$ 968,756	\$ 968,756
Construction in progress	-	284,071
Buildings and improvements	10,635,069	10,789,423
Machinery, equipment and vehicles	1,809,009	1,310,409
Infrastructure	1,932,856	2,005,019
<b>Totals</b>	<b>\$ 15,345,690</b>	<b>\$ 15,357,678</b>



Additional information on the Town's capital assets can be found in Note 5 of this report.

**Long-term Debt**

At the end of the current fiscal year, the Town had \$1,915,000 of long-term bonded debt and \$449,804 of capital lease obligations outstanding. The entire amount is comprised of debt backed by the full faith and credit of the Town. Total long-term debt, consisting of bonds and capital leases payable, decreased by \$232,573 due the addition of new capital lease obligations in the amount of \$147,701 offset by scheduled debt service repayments totaling \$380,274.

**TOWN OF ASHFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*  
JUNE 30, 2016

---

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

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

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 significantly in excess of the Town's outstanding long-term debt.

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

	Governmental Activities	
	2016	2015
Bonds payable	\$ 1,915,000	\$ 2,155,000
Capital lease obligations	449,804	442,377
Totals	<u>\$ 2,364,804</u>	<u>\$ 2,597,377</u>

Additional information on the Town's long-term debt can be found in Note 9 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- The unemployment rate for the Town compares favorably to the state's average unemployment rate and the national unemployment rate.
- 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 2017. The Town's fiscal year 2017 budget was approved by Town referendum on May 3, 2016. The Town's fiscal year 2017 budgeted expenditures for the General Fund totaled \$13,987,388, a decrease of \$85,912 or 0.6% over fiscal year 2016 original approved budgeted expenditures.

The Town has not assigned any portion of fund balance of the General Fund for spending in the 2017 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, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,468,242
Investments	75,000
Receivables:	
Property taxes, net	269,705
Interest on property taxes, net	120,897
Other	32,290
Loans receivable, long-term	1,538,561
Capital assets:	
Non-depreciable	968,756
Depreciable, net	14,376,934
Total assets	20,850,385
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding	20,297
 <b>LIABILITIES</b>	
Accounts payable	230,123
Accrued liabilities:	
Salaries and benefits payable	332,047
Other	18,912
Noncurrent liabilities:	
Due within one year	386,400
Due in more than one year	2,272,019
Total liabilities	3,239,501
 <b>NET POSITION</b>	
Net investment in capital assets	12,877,087
Restricted for:	
Endowments - nonexpendable	81,000
Endowments - expendable	8,669
Planning and development	1,562,405
Unrestricted	3,102,020
Total net position	\$ 17,631,181

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

**TOWN OF ASHFORD, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,061,547	\$ 126,943	\$ 75,880	\$ 2,500	\$ (856,224)
Public safety	317,521	4,967	-	-	(312,554)
Public works	1,386,755	-	385,699	77,530	(923,526)
Health and welfare	119,870	-	-	-	(119,870)
Planning and development	202,236	5,095	36,500	-	(160,641)
Education	12,693,330	291,026	5,203,996	-	(7,198,308)
Library	199,127	2,262	1,238	-	(195,627)
Recreation	119,740	36,545	-	-	(83,195)
Interest on long-term debt	58,706	-	-	-	(58,706)
Total governmental activities	<u>\$ 16,158,832</u>	<u>\$ 466,838</u>	<u>\$ 5,703,313</u>	<u>\$ 80,030</u>	<u>(9,908,651)</u>
General revenues:					
					9,411,816
					74,732
					15,836
					<u>9,502,384</u>
					(406,267)
					<u>18,037,448</u>
					<u>\$ 17,631,181</u>

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

**TOWN OF ASHFORD, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General Fund	Capital Nonrecurring Fund	Educational Grants Fund	Small Cities Grant Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,257,829	\$ 127,611	\$ -	\$ 23,849	\$ 58,953	\$ 3,468,242
Investments	-	-	-	-	75,000	75,000
Receivables:						
Property taxes, net	269,705	-	-	-	-	269,705
Interest on property taxes, net	120,897	-	-	-	-	120,897
Loans	-	-	-	1,538,561	-	1,538,561
Other	19,388	-	-	-	12,902	32,290
Due from other funds	26,327	825,380	15,703	-	122,432	989,842
Total assets	<u>\$ 3,694,146</u>	<u>\$ 952,991</u>	<u>\$ 15,703</u>	<u>\$ 1,562,410</u>	<u>\$ 269,287</u>	<u>\$ 6,494,537</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 209,403	\$ 1,924	\$ 11,392	\$ 5	\$ 7,399	\$ 230,123
Salaries and benefits payable	327,737	-	4,310	-	-	332,047
Due to other funds	963,465	-	1	-	26,376	989,842
Unearned revenue	-	-	-	-	8,337	8,337
Total liabilities	<u>1,500,605</u>	<u>1,924</u>	<u>15,703</u>	<u>5</u>	<u>42,112</u>	<u>1,560,349</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	361,359	-	-	-	-	361,359
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	1,538,561	81,000	1,619,561
Restricted	-	-	-	23,844	8,669	32,513
Committed	15,062	951,067	-	-	137,506	1,103,635
Assigned	108,809	-	-	-	-	108,809
Unassigned	1,708,311	-	-	-	-	1,708,311
Total fund balances	<u>1,832,182</u>	<u>951,067</u>	<u>-</u>	<u>1,562,405</u>	<u>227,175</u>	<u>4,572,829</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,694,146</u>	<u>\$ 952,991</u>	<u>\$ 15,703</u>	<u>\$ 1,562,410</u>	<u>\$ 269,287</u>	<u>\$ 6,494,537</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, 2016**

---

Total fund balances for governmental funds	\$	4,572,829
--	----	-----------

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		14,344,647	
Machinery, equipment and vehicles		3,947,514	
Infrastructure		2,455,539	
Less: accumulated depreciation and amortization		<u>(6,370,766)</u>	
Total capital assets, net			15,345,690

Some of the Town's revenues 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.

361,359

Deferred charges on refunding are not susceptible to accrual and therefore are not reported in the funds.

20,297

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	\$	(1,915,000)	
Accrued interest payable		(10,575)	
Unamortized bond premium		(124,096)	
Other long-term liabilities:			
Capital lease obligations		(449,804)	
Compensated absences		(46,535)	
Net OPEB obligation		<u>(122,984)</u>	
Total long-term liabilities			<u>(2,668,994)</u>

Net position of governmental activities	\$	<u><u>17,631,181</u></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, 2016**

	General Fund	Capital Nonrecurring Fund	Educational Grants Fund	Small Cities Grant Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 9,949,890	\$ -	\$ -	\$ -	\$ -	\$ 9,949,890
Intergovernmental	4,985,298	275,947	331,329	36,500	111,345	5,740,419
Charges for services	338,410	-	-	5,095	123,333	466,838
Interest income	15,334	258	-	-	244	15,836
Other	90,899	30,760	-	-	397	122,056
Total revenues	<u>15,379,831</u>	<u>306,965</u>	<u>331,329</u>	<u>41,595</u>	<u>235,319</u>	<u>16,295,039</u>
<b>EXPENDITURES</b>						
Current:						
General government	780,009	-	-	-	2,867	782,876
Public safety	237,286	-	-	-	23,602	260,888
Public works	863,617	-	-	-	-	863,617
Health and welfare	55,718	-	-	-	-	55,718
Planning and development	128,557	-	-	33,870	-	162,427
Education	11,825,590	-	331,329	-	220,040	12,376,959
Library	195,017	-	-	-	-	195,017
Recreation	-	-	-	-	114,567	114,567
Employee benefits and insurance	380,177	-	-	-	-	380,177
Capital outlays	140,218	718,916	-	-	-	859,134
Debt service:						
Principal payments	245,292	134,982	-	-	-	380,274
Interest and fiscal charges	58,800	6,216	-	-	-	65,016
Total expenditures	<u>14,910,281</u>	<u>860,114</u>	<u>331,329</u>	<u>33,870</u>	<u>361,076</u>	<u>16,496,670</u>
Excess (deficiency) of revenues over expenditures	469,550	(553,149)	-	7,725	(125,757)	(201,631)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital leases	-	147,701	-	-	-	147,701
Transfers in	-	237,427	-	-	126,481	363,908
Transfers out	(363,908)	-	-	-	-	(363,908)
Total other financing sources (uses)	<u>(363,908)</u>	<u>385,128</u>	<u>-</u>	<u>-</u>	<u>126,481</u>	<u>147,701</u>
Net change in fund balances	105,642	(168,021)	-	7,725	724	(53,930)
Fund balances - beginning	<u>1,726,540</u>	<u>1,119,088</u>	<u>-</u>	<u>1,554,680</u>	<u>226,451</u>	<u>4,626,759</u>
Fund balances - ending	<u>\$ 1,832,182</u>	<u>\$ 951,067</u>	<u>\$ -</u>	<u>\$ 1,562,405</u>	<u>\$ 227,175</u>	<u>\$ 4,572,829</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, 2016**

---

Net change in fund balances - total governmental funds	\$	(53,930)
--	----	----------

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	\$	458,510	
Depreciation and amortization expense		<u>(456,498)</u>	
Net adjustment			2,012

The statement of activities reports losses arising from the disposal of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a disposal of capital assets. (14,000)

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. (538,074)

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:

Debt issued or incurred:			
Capital lease financing	\$	(147,701)	
Principal repayments:			
Bonds payable		240,000	
Obligations under capital lease		<u>140,274</u>	
Net adjustment			232,573

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	\$	(11,175)	
Accrued interest		900	
Amortization of bond premium		7,900	
Amortization of deferred charges on refunding		(1,298)	
Net OPEB obligation		<u>(31,175)</u>	
Net adjustment			<u>(34,848)</u>

Change in net position of governmental activities	\$	<u><u>(406,267)</u></u>
---	----	-------------------------

*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, 2016**

	<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	\$ 9,773,814	\$ 9,773,814	\$ 9,949,890	\$ 176,076
Intergovernmental	4,181,482	4,181,482	4,165,665	(15,817)
Charges for services	80,450	80,450	125,183	44,733
Interest income	14,000	14,000	15,333	1,333
Other	23,554	23,554	85,437	61,883
Total revenues	<u>14,073,300</u>	<u>14,073,300</u>	<u>14,341,508</u>	<u>268,208</u>
<b>EXPENDITURES</b>				
Current:				
General government	816,157	799,937	780,009	(19,928)
Public safety	30,005	30,005	26,376	(3,629)
Public works	845,884	887,166	863,617	(23,549)
Health and welfare	56,120	56,600	55,718	(882)
Planning and development	141,169	134,777	128,557	(6,220)
Education	7,423,071	7,423,071	7,391,605	(31,466)
Education - Regional School District No. 19	3,550,135	3,550,135	3,550,135	-
Employee benefits and insurance	406,968	387,818	380,177	(7,641)
Debt service:				
Principal payments	240,000	240,000	240,000	-
Interest and fiscal charges	58,800	58,800	58,800	-
Total expenditures	<u>13,568,309</u>	<u>13,568,309</u>	<u>13,474,994</u>	<u>(93,315)</u>
Excess of revenues over expenditures	504,991	504,991	866,514	361,523
<b>OTHER FINANCING SOURCES (USES)</b>				
Continued appropriations - education	-	(48,391)	-	48,391
Transfers out	(504,991)	(758,818)	(758,818)	-
Appropriation of undesignated fund balance	-	302,218	-	(302,218)
Total other financing sources (uses), net	<u>(504,991)</u>	<u>(504,991)</u>	<u>(758,818)</u>	<u>(253,827)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	107,696	<u>\$ 107,696</u>
Fund balance - beginning			<u>1,709,424</u>	
Fund balance - ending			<u>\$ 1,817,120</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, 2016**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 111,991	\$ 31,944	\$ 52,996
Investments:			
U.S. Treasury securities	121,886	-	-
Corporate and foreign bonds	101,896	-	-
Mutual funds	-	117,549	-
Equity securities	786,392	-	-
Receivables:			
Employer contributions	59,497	-	-
Other	-	-	6,175
Total assets	<u>1,181,662</u>	<u>149,493</u>	<u>\$ 59,171</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 3,258
Due to others	-	5,900	55,913
Total liabilities	<u>-</u>	<u>5,900</u>	<u>\$ 59,171</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 1,181,662</u>	<u>\$ 143,593</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, 2016**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 59,497	\$ -
Total Contributions	<u>59,497</u>	<u>-</u>
Investment earnings:		
Interest and dividends	14,463	2,383
Net change in the fair value of investments	<u>(2,070)</u>	<u>(2,842)</u>
Total investment earnings	12,393	(459)
Less: investment expense	<u>11,556</u>	<u>1,183</u>
Net investment earnings	837	(1,642)
Total additions	<u>60,334</u>	<u>(1,642)</u>
<b>DEDUCTIONS</b>		
Benefit payments	-	5,600
Administrative expenses	-	900
Total deductions	<u>-</u>	<u>6,500</u>
Change in net position	60,334	(8,142)
Net position - beginning	<u>1,121,328</u>	<u>151,735</u>
Net position - ending	<u>\$ 1,181,662</u>	<u>\$ 143,593</u>

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

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30, 2016

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Financial Reporting Entity**

**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.

**Related Organizations**

The Town is a member of Regional School District No. 19 (the "District"), which is located in the Mansfield, Connecticut. The District provides educational services for the grade 9 through 12 populations within its member towns. The activities of the District are primarily supported by assessments made to member towns. Assessments for the Town totaled \$3,550,135, which represented approximately 18.81% of total member assessments. In addition to annual member assessments, the Town is contingently liable for its pro-rata share of the District's outstanding bonds (see Note 9). The District is governed by an elected Board of Education and issues publicly available financial reports.

The Town is a member of the Northeastern Connecticut Council of Governments (the "Council"), which provides certain member initiated regional programs and services. The Town's First Selectman serves on the Council's Board of Directors. The Council issues publicly available financial reports.

The Town contracts for fire protection and emergency ambulance services from the Ashford Volunteer Fire Department, Inc. (the "Department"), a legally separate 501(c)(3) nonprofit corporation. The Town funds a significant portion of the Department's operating and capital activities. Budgetary operating appropriations paid by the Town to the Department totaled \$210,910 for the year ended June 30, 2016. Capital purchases made on-behalf of the Department totaled \$34,434 for the year ended June 30, 2016. In addition, the Town has acquired a fire truck for use by the Department through a capital lease arrangement. Debt service payments made by the Town under the lease totaled \$77,437 for the year ended June 30, 2016. The Department is governed by an elected Board of Directors and issues publicly available financial reports.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

**Fund Financial Statements**

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

The Town reports the following major governmental funds:

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

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

**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.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

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

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.

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 available to be received by the Town 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.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

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.

**Implementation of Accounting Standards**

Effective July 1, 2015, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and certain provisions of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The adoption of these statements did not have a material effect on the Town's financial statements.

**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 are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools as described below.

Investments in certain external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the pool.

**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.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

**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 related interest as of June 30, 2016 in the amount of \$431,000 and \$533,000, respectively.

**Loans Receivable**

The Town administers a federally funded residential rehabilitation loan program for low to moderate income families. The loans do not accrue interest and repayment of the loans is deferred. 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 loans may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2016, loans receivable totaled \$1,538,561 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:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 100
Machinery, equipment and vehicles	3 - 30
Infrastructure	20 - 100

**Unearned Revenue**

This liability represents resources that have been received but not yet earned.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

**Deferred Outflows and 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 until then. The Town reports deferred charges on refunding in the government-wide statement of net position, which resulted 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 until that time. The Town reports unavailable revenue from property taxes and related interest in the governmental funds balance sheet. 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, 2016

---

**NOTE 1 - 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 2.

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

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

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 1 - 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 Receivables and Payables**

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

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

**Interfund Services Provided and Used**

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

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Interfund Activities *(Continued)***

**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 2 - 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.
- 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.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 2 - BUDGETARY INFORMATION *(Continued)***

- 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, 2016, additional appropriations from fund balance totaled \$302,218.
- 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 amounts appropriated within the Capital Nonrecurring Fund and certain amounts approved by the Board of Finance for carryover relating to unexpended education appropriations. Annual carryover amounts may not exceed 1.0% of the total budgeted appropriation for education for such fiscal year. In addition, the maximum cumulative education carryover may not exceed 3.0% of the total budgeted appropriation for education for the most recently ended fiscal year. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

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 primarily 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.

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 2 - BUDGETARY INFORMATION (Continued)**

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, 2016:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary basis	\$ 14,341,508	\$ 13,474,994	\$ (758,818)	\$ 1,817,120
"On-behalf" payments - State Teachers Retirement Fund	737,176	737,176	-	-
Babcock Library Fund	8,963	195,017	184,000	14,388
Other Funds	-	-	-	674
Reclassifications for GAAP purposes	292,184	503,094	210,910	-
GAAP basis	<u>\$ 15,379,831</u>	<u>\$ 14,910,281</u>	<u>\$ (363,908)</u>	<u>\$ 1,832,182</u>

**Capital Projects Authorizations**

The following is a summary of capital projects as of June 30, 2016:

<u>Capital Project</u>	<u>Capital Authorizations</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2016</u>
<b>Capital Nonrecurring Fund:</b>				
Fire truck - cab, chassis, pump	\$ 387,186	\$ 77,437	\$ 154,874	\$ 232,312
Road resurfacing	242,142	241,977	241,977	165
Road repairs - Turnpike Road	200,000	-	200,000	-
Mower - Lease	153,800	30,760	30,760	123,040
DPW Truck purchase	160,768	33,001	65,303	95,465
School safety upgrades	113,000	56,701	104,038	8,962
School bus 2015-2016	88,000	82,751	82,751	5,249
Revaluation	40,613	11,669	24,761	15,852
Fire department equipment	35,000	34,434	34,434	566
DPW Truck purchase	30,000	-	30,000	-
Tremko house repairs	30,000	250	30,000	-
Senior center roof repair	28,894	28,894	28,894	-
Culvert replacement	25,500	-	24,252	1,248
Fire Truck retrofit	25,000	23,744	23,744	1,256
Bebbington Lane bridge repair	25,000	6,270	26,729	(1,729)
Energy efficient lighting upgrades	19,470	20,075	20,075	(605)
<b>Total</b>	<u>\$ 1,604,373</u>	<u>\$ 647,963</u>	<u>\$ 1,122,592</u>	<u>\$ 481,781</u>

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

---

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2016, the carrying amount of the Town's cash deposits totaled \$3,637,319. As of June 30, 2016, \$2,487,283 of the Town's bank balance of \$3,845,614 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,238,555
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>248,728</u>
	<u><u>2,487,283</u></u>

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

A reconciliation of the Town's cash deposits as of June 30, 2016 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 3,468,242
Statement of fiduciary net position:	
Cash and cash equivalents	<u>196,931</u>
	3,665,173
Add: certificates of deposit classified as investments	75,000
Less: investments classified as cash equivalents	<u>(102,854)</u>
Total cash deposits	<u><u>\$ 3,637,319</u></u>

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

A reconciliation of the Town's investments as of June 30, 2016 is as follows:

Government-wide statement of net position:		
Investments	\$	75,000
Statement of fiduciary net position:		
Investments - pension trusts		1,010,174
Investments - private purpose trusts		117,549
		1,127,723
		1,202,723
Add: investments classified as cash equivalents		102,854
Less: certificates of deposit classified as investments		(75,000)
	\$	1,230,577

As of June 30, 2016, the Town's investments consisted of the following:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years)		
				Less Than 1	1 to 5	6 to 10
<b>Debt Securities:</b>						
<i>Governmental activities:</i>						
Short-term Investment Fund (STIF)	Net asset value	AAA	\$ 55,755	\$ 55,755	\$ -	\$ -
<i>Fiduciary Funds:</i>						
Money market mutual funds	Net asset value	Unrated	47,099	47,099	-	-
Corporate and foreign bonds	Fair value	AA	10,644	-	-	10,644
Corporate and foreign bonds	Fair value	A	24,845	-	14,124	10,721
Corporate and foreign bonds	Fair value	BBB	66,407	-	22,422	43,985
US Treasury securities	Fair value		121,886	-	67,148	54,738
			326,636	\$ 102,854	\$ 103,694	\$ 120,088
<b>Other Investments:</b>						
<i>Fiduciary Funds:</i>						
Mutual funds	Fair value		68,131			
Equity securities	Fair value		835,810			
			\$ 1,230,577			

Because investments in the Short-term Investment Fund and the money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS *(Continued)***

**Investments *(Continued)***

**Interest Rate Risk**

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

**Credit Risk**

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut General Statutes. Connecticut general statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; 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; 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. The pension trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

**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 either not evidenced by securities that exist in physical or book entry form or they are held by a reputable custodian in the name of the Town.

**Concentrations of Credit Risk**

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2016, 100% of the Town's investments within the government-wide statement of net position were invested in the Short-term Investment Fund. As of June 30, 2016, 10.4% of the Town's investments within the fiduciary statement of net position were invested in U.S. Treasury securities.

**NOTE 4 - FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)**

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2016, by level within the fair value hierarchy are presented in the table below.

<b>Financial Assets Measured at Fair Value</b>	<b>Prices in Active Market (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Mutual funds	\$ 68,131	\$ -	\$ -	\$ 68,131
Equity securities	835,810	-	-	835,810
Corporate and foreign bonds	-	101,896	-	101,896
US Treasury securities	121,886	-	-	121,886
	<u>\$ 1,025,827</u>	<u>\$ 101,896</u>	<u>\$ -</u>	<u>\$ 1,127,723</u>

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 consisted of the following:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land and land development rights	\$ 968,756	\$ -	\$ -	\$ 968,756
Construction in progress	284,071	-	(284,071)	-
Total capital assets, not being depreciated	<u>1,252,827</u>	<u>-</u>	<u>(284,071)</u>	<u>968,756</u>
Capital assets, being depreciated:				
Buildings and improvements	14,315,753	28,894	-	14,344,647
Machinery, equipment and vehicles	3,536,952	713,687	(303,125)	3,947,514
Infrastructure	2,455,539	-	-	2,455,539
Total capital assets, being depreciated	<u>20,308,244</u>	<u>742,581</u>	<u>(303,125)</u>	<u>20,747,700</u>
Less accumulated depreciation for:				
Buildings and improvements	3,526,330	183,248	-	3,709,578
Machinery, equipment and vehicles	2,226,543	201,087	(289,125)	2,138,505
Infrastructure	450,520	72,163	-	522,683
Total accumulated depreciation	<u>6,203,393</u>	<u>456,498</u>	<u>(289,125)</u>	<u>6,370,766</u>
Total capital assets, being depreciated, net	<u>14,104,851</u>	<u>286,083</u>	<u>(14,000)</u>	<u>14,376,934</u>
Governmental activities capital assets, net	<u>\$ 15,357,678</u>	<u>\$ 286,083</u>	<u>\$ (298,071)</u>	<u>\$ 15,345,690</u>

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 5 - CAPITAL ASSETS (Continued)**

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

<b>Governmental Activities:</b>	
General government	\$ 72,901
Public safety	43,048
Public works	106,603
Health and welfare	29,718
Library	4,110
Recreation	5,173
Education	194,945
Total depreciation expense - governmental activities	<u>\$ 456,498</u>

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Other Governmental Funds	\$ 26,326
	Educational Grants Fund	1
		<u>26,327</u>
Capital Nonrecurring Fund	General Fund	<u>825,380</u>
Educational Grants Fund	General Fund	<u>15,703</u>
Other Governmental Funds	General Fund	122,382
	Other Governmental Funds	50
		<u>122,432</u>
		<u>\$ 989,842</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 7 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2016 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
Capital Nonrecurring Fund	General Fund	\$ 237,427
Other Governmental Funds	General Fund	126,481
		<u>\$ 363,908</u>

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 7 - INTERFUND TRANSFERS (Continued)**

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

**NOTE 8 - FUND BALANCE**

The various components of fund balance at June 30, 2016 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
Restricted for:						
Grant and loan programs	-	-	-	1,562,405	-	1,562,405
Donor restrictions	-	-	-	-	8,669	8,669
Committed to:						
General government	674	-	-	-	46,480	47,154
Public safety	-	-	-	-	39,678	39,678
Education	-	-	-	-	51,280	51,280
Library	14,388	-	-	-	-	14,388
Recreation	-	-	-	-	68	68
Capital purposes	-	951,067	-	-	-	951,067
Assigned to:						
General government	22,501	-	-	-	-	22,501
Public works	5,730	-	-	-	-	5,730
Education - carryover	80,578	-	-	-	-	80,578
Unassigned	1,708,311	-	-	-	-	1,708,311
	<u>\$ 1,832,182</u>	<u>\$ 951,067</u>	<u>\$ -</u>	<u>\$ 1,562,405</u>	<u>\$ 227,175</u>	<u>\$ 4,572,829</u>

**NOTE 9 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 2,155,000	\$ -	\$ (240,000)	\$ 1,915,000	\$ 230,000
Unamortized premium	131,996	-	(7,900)	124,096	-
Total bonds payable	2,286,996	-	(247,900)	2,039,096	230,000
Other liabilities:					
Capital leases	442,377	147,701	(140,274)	449,804	147,093
Compensated absences	35,360	37,945	(26,770)	46,535	9,307
Net OPEB obligation	91,809	31,175	-	122,984	-
	<u>\$ 2,856,542</u>	<u>\$ 216,821</u>	<u>\$ (414,944)</u>	<u>\$ 2,658,419</u>	<u>\$ 386,400</u>

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 9 - LONG-TERM OBLIGATIONS (Continued)**

Long-term obligations, other than capital leases, have typically have been liquidated by the General Fund. Capital leases are primarily liquidated by the Capital Nonrecurring Fund.

**Bonds Payable**

A summary of the bonds payable outstanding at June 30, 2016 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%	\$ 1,915,000

Annual debt service requirements to maturity on the bond payable are as follows as of June 30, 2016:

<u>Year ending June 30:</u>	<u>Governmental Activities Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 230,000	\$ 54,100
2018	230,000	48,350
2019	225,000	41,525
2020	225,000	33,650
2021	225,000	25,775
2022-2026	530,000	71,400
2027-2031	170,000	33,400
2032-2034	80,000	3,200
	<u>\$ 1,915,000</u>	<u>\$ 311,400</u>

**Shared Debt**

The Town is contingently liable for its pro-rata share of Regional School District No. 19's (the "District") outstanding bonds. As of June 30, 2016, the District's total outstanding bonds were \$3,975,000, of which \$1,803,833 is expected to be reimbursed by the State of Connecticut. The remaining balance of \$2,171,167 represents the District's net obligation with 18.81%, or \$408,397 representing the Town's share. Regional School District No. 19 has no authorized, unissued bonds, for which the Town 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 \$69,854,722 as of June 30, 2016. 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, 2016.

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

---

**NOTE 9 - LONG-TERM OBLIGATIONS (Continued)**

**Capital Leases**

A summary of assets under capital leases is as follows as of June 30, 2016:

Equipment		\$	646,976
Less: accumulated amortization			33,146
			613,830
			613,830

Amortization expense relative to leased property under capital leases totaled \$25,546 for the year ended June 30, 2016 and is included in depreciation and amortization expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 are as follows:

Year ending June 30:			
		2017	\$ 147,093
		2018	146,502
		2019	141,759
		2020	30,760
Total minimum lease payments			466,114
Less: amount representing interest			16,310
Present value of minimum lease payments			\$ 449,804

In connection with the leasing of a certain piece of equipment included above, the Town has entered into an agreement with a third-party energy provider. The provider has committed to making annual contributions to the Town, conditioned upon continued participation in and agreed upon municipal brush control program, to offset the annual debt service requirements on the equipment. During the year ended June 30, 2016, the Town received \$30,760. Future annual commitments of \$30,760 are expected to be received through the year ended June 30, 2020.

**NOTE 10 - RETIREMENT PLANS**

**Connecticut State Teachers' Retirement System**

The faculty and professional personnel of the Town's Board of Education participate in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements. The Board issues publicly available financial reports.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 10 - RETIREMENT PLANS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings 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. For the year ended June 30, 2016, plan members of the Town contributed \$218,769 to the plan and covered payroll for the year was \$3,017,503. The Town has recognized on-behalf payments of \$737,176 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.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2015 was \$10.972 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$8.25 million or approximately 0.075% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined.

The total pension liability as of June 30, 2015 was rolled forward from the total pension liability determined from the June 30, 2014 actuarial valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0%
Salary increases	3.75% - 7.0% (includes inflation)
Investment rate of return	8.5% (includes inflation)
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.0%
Retirements on or after 9/1/1992	2.0%

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 10 - RETIREMENT PLANS (Continued)**

**Connecticut State Teachers' Retirement System (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Mutual Equity	25.0%	7.3%
Developed Markets ISF	20.0%	7.5%
Emerging Markets ISF	9.0%	8.6%
Core Fixed Income	13.0%	1.7%
Emerging Market Debt	4.0%	4.8%
High Yield	2.0%	3.7%
Inflation Linked Bonds	6.0%	1.3%
Liquidity Fund	6.0%	0.7%
Real Estate	5.0%	5.9%
Private Investment	10.0%	10.9%
	100.0%	

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

	1.00% Decrease (7.5%)	Current Rate (8.5%)	1.00% Increase (9.5%)
Town's proportionate share of net pension liability	\$10.40 million	\$8.25 million	\$6.4 million

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 10 - RETIREMENT PLANS *(Continued)***

**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 \$59,497 for the year ended June 30, 2016.

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

**NOTE 11 - 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.

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2016

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**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 obligation.

Annual required contribution	\$	53,000
Interest on net OPEB obligation		3,673
Adjustment to annual required contribution		(4,298)
Annual OPEB cost (expense)		52,375
Contributions made		21,200
Change in net OPEB obligation		31,175
Net OPEB obligation, beginning of year		91,809
Net OPEB obligation, end of year	\$	122,984

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

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 52,375	40%	\$ 122,984
2015	52,589	40%	91,808
2014	33,521	40%	60,420

**Funded Status and Funding Progress**

The funded status of the benefit obligation as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit 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)
\$ -	\$ 452,000	\$ 452,000	0.0%	\$ 2,584,916	17.5%

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Funded Status and Funding Progress *(Continued)***

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, 2014
Actuarial cost method:	Projected Unit Credit
Amortization method:	15 years, level dollar,
Asset valuation method:	Not applicable
Actuarial assumptions:	
Investment rate of return	2.50%
Inflation rate	2.00%
Healthcare cost trend rate	10.00% (Initial)
	5.00% (Final)

**NOTE 12 - 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 and liability-automobile-property insurance for which it participates in risk sharing pools. During 2016, 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 a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et seq. of the Connecticut General Statutes.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 12 - RISK MANAGEMENT *(Continued)***

The Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

The Town is also member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

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

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

**NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE**

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2016

---

**NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)***

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement establishes disclosure of information about the nature and magnitude of tax abatements to allow users of the financial statements to understand 1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Certain provisions of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This statement amends the blending requirements established in GASB Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

---

## Required Supplementary Information

---

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF FUNDING PROGRESS (UNAUDITED)**  
**LAST THREE ACTUARIAL VALUATIONS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)</b>	<b>Unfunded AAL (UAAL) B-A</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
<b>Other Post-Employment Benefit Plan*</b>						
July 1, 2014	* \$ -	\$ 452,000	\$ 452,000	0.0%	\$ 2,584,916	17.5%
July 1, 2011	-	116,856	116,856	0.0%	2,319,181	5.0%
July 1, 2008	-	270,629	270,629	0.0%	2,116,654	12.8%

\* - Based on the number of plan participants, the Town obtains an actuarial valuation every three years.

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**  
**LAST TWO FISCAL YEARS**  
(Dollar amounts in thousands)

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.075%	0.075%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	8,249	7,615
Total	<u>\$ 8,249</u>	<u>\$ 7,615</u>
Town's covered payroll	\$ 3,018	\$ 2,841
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

**NOTES TO THE SCHEDULE:**

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2016 is based on a June 30, 2015 measurement date).

*Benefit changes:* There were no changes in benefit terms that affected the measurement of the total pension liability.

*Changes in assumptions:* There were no changes in assumptions that affected the measurement of the total pension liability.

---

## **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, 2016**

	<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	\$ 9,593,664	\$ 9,593,664	\$ 9,593,772	\$ 108
Prior year tax collections	77,000	77,000	170,060	93,060
Tax interest and liens	41,000	41,000	82,822	41,822
Motor vehicle supplement	62,000	62,000	102,989	40,989
Miscellaneous	150	150	247	97
<b>TOTAL PROPERTY TAXES</b>	<b>9,773,814</b>	<b>9,773,814</b>	<b>9,949,890</b>	<b>176,076</b>
<b>INTERGOVERNMENTAL REVENUES</b>				
Education cost sharing assistance	3,933,350	3,933,350	3,921,558	(11,792)
Town aid road grant	145,585	145,585	146,522	937
Transportation	37,705	37,705	31,433	(6,272)
Mohegan-Pequot grant	24,865	24,865	25,506	641
Tax relief for the elderly	18,000	18,000	22,090	4,090
Payment in lieu of taxes - AHA	10,000	10,000	10,000	-
Payment in lieu of taxes	5,815	5,815	-	(5,815)
Tax relief for veteran exemptions	1,300	1,300	1,685	385
Tax relief for disability exemptions	1,100	1,100	1,054	(46)
Aircraft reimbursement	180	180	90	(90)
Miscellaneous grants	3,582	3,582	5,727	2,145
<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b>4,181,482</b>	<b>4,181,482</b>	<b>4,165,665</b>	<b>(15,817)</b>
<b>CHARGES FOR SERVICES</b>				
Building licenses and permits	20,000	20,000	50,853	30,853
Conveyance tax	15,000	15,000	26,788	11,788
Recording fees	18,000	18,000	17,928	(72)
Newsletters	8,400	8,400	8,107	(293)
Open space recapture tax	500	500	3,593	3,093
BOE - bus garage usage	6,000	6,000	6,000	-
Copies of records	3,800	3,800	5,059	1,259
Miscellaneous	6,000	6,000	2,176	(3,824)
Zoning permits	1,000	1,000	992	(8)
Dog licenses	500	500	548	48
Wetlands permits	500	500	544	44
Recycling and transfer station	500	500	2,323	1,823
Hunting and fishing licenses	100	100	96	(4)
Marriage licenses	150	150	176	26
<b>TOTAL CHARGES FOR SERVICES</b>	<b>80,450</b>	<b>80,450</b>	<b>125,183</b>	<b>44,733</b>
<b>INVESTMENT INCOME</b>				
	14,000	14,000	15,333	1,333
<b>OTHER REVENUES</b>				
Miscellaneous	10,000	10,000	72,581	62,581
Donations - 300th Anniversary	-	-	2,041	2,041
Telephone access line	9,048	9,048	8,985	(63)
Level 3 Communications, LLC	4,506	4,506	1,830	(2,676)
<b>TOTAL OTHER REVENUES</b>	<b>23,554</b>	<b>23,554</b>	<b>85,437</b>	<b>61,883</b>
<b>TOTAL REVENUES</b>	<b>14,073,300</b>	<b>14,073,300</b>	<b>14,341,508</b>	<b>268,208</b>
<b>OTHER FINANCING SOURCES</b>				
Appropriation of undesignated fund balance	-	302,218	-	(302,218)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 14,073,300</b>	<b>\$ 14,375,518</b>	<b>\$ 14,341,508</b>	<b>\$ (34,010)</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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>GENERAL GOVERNMENT</b>				
Board of Selectmen:				
Salaries and wages	\$ 137,760	\$ 137,760	\$ 130,700	\$ (7,060)
Purchased services	16,950	19,450	27,072	7,622
Supplies and materials	901	901	613	(288)
Other	659	659	313	(346)
300th Anniversary	-	-	(135)	(135)
Total Board of Selectmen	<u>156,270</u>	<u>158,770</u>	<u>158,563</u>	<u>(207)</u>
Town Council:				
Professional and tech services	<u>47,500</u>	<u>33,325</u>	<u>32,807</u>	<u>(518)</u>
Data Processing and Contracted Services	<u>22,222</u>	<u>22,222</u>	<u>21,779</u>	<u>(443)</u>
Knowlton Hall Operations and Maintenance:				
Property services	14,790	17,190	18,160	970
Purchased services	4,350	4,350	5,275	925
Supplies and materials	<u>10,250</u>	<u>10,250</u>	<u>8,282</u>	<u>(1,968)</u>
Total Knowlton Hall Operations and Maintenance	<u>29,390</u>	<u>31,790</u>	<u>31,717</u>	<u>(73)</u>
Town Hall Operations and Maintenance:				
Property services	22,500	20,500	21,981	1,481
Purchased services	23,000	21,000	17,354	(3,646)
Supplies and materials	<u>10,000</u>	<u>10,000</u>	<u>11,925</u>	<u>1,925</u>
Total Town Hall Operations and Maintenance	<u>55,500</u>	<u>51,500</u>	<u>51,260</u>	<u>(240)</u>
Town Property Operations and Maintenance:				
Salaries and wages	10	10	6,400	6,390
Property services	12,325	12,325	9,319	(3,006)
Purchased services	9,150	4,650	600	(4,050)
Supplies and materials	<u>1,500</u>	<u>1,500</u>	<u>1,858</u>	<u>358</u>
Total Town Property Operations and Maintenance	<u>22,985</u>	<u>18,485</u>	<u>18,177</u>	<u>(308)</u>
Earl Smith Senior Center:				
Salaries and wages	15,150	15,150	18,496	3,346
Property services	9,700	9,700	5,648	(4,052)
Purchased services	7,795	7,795	7,277	(518)
Supplies and materials	14,300	14,300	13,217	(1,083)
Equipment	<u>560</u>	<u>560</u>	<u>921</u>	<u>361</u>
Total Earl Smith Senior Center	<u>47,505</u>	<u>47,505</u>	<u>45,559</u>	<u>(1,946)</u>
Board of Finance:				
Salaries and wages	1,330	1,330	1,200	(130)
Professional and tech services	25,010	25,010	21,395	(3,615)
Purchased services	1,350	1,350	-	(1,350)
Supplies and materials	<u>375</u>	<u>375</u>	<u>50</u>	<u>(325)</u>
Total Board of Finance	<u>28,065</u>	<u>28,065</u>	<u>22,645</u>	<u>(5,420)</u>

*See accompanying Independent Auditor's Report.*

**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, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>GENERAL GOVERNMENT <i>(Continued)</i></b>				
Assessors Office:				
Salaries and wages	\$ 55,130	\$ 55,130	\$ 50,903	\$ (4,227)
Purchased services	14,170	14,170	13,055	(1,115)
Supplies and materials	1,850	1,850	2,029	179
Total Assessors Office	<u>71,150</u>	<u>71,150</u>	<u>65,987</u>	<u>(5,163)</u>
Board of Assessment Appeals:				
Salaries and wages	780	835	900	65
Purchased services	225	225	160	(65)
Total Board of Assessment Appeals	<u>1,005</u>	<u>1,060</u>	<u>1,060</u>	<u>-</u>
Tax Collector:				
Salaries and wages	53,364	53,364	52,983	(381)
Property services	415	415	415	-
Purchased services	8,615	8,615	8,495	(120)
Supplies and materials	4,850	4,850	5,350	500
Other	1,300	1,300	251	(1,049)
Total Tax Collector	<u>68,544</u>	<u>68,544</u>	<u>67,494</u>	<u>(1,050)</u>
Finance Department:				
Salaries and wages	89,893	87,293	87,586	293
Professional and tech services	12,630	12,630	12,063	(567)
Purchased services	6,276	6,276	6,400	124
Supplies and materials	2,990	2,990	3,089	99
Total Finance Department	<u>111,789</u>	<u>109,189</u>	<u>109,138</u>	<u>(51)</u>
Town Clerk:				
Salaries and wages	89,200	89,200	89,200	-
Property services	2,722	2,722	2,955	233
Purchased services	26,486	26,486	22,530	(3,956)
Supplies and materials	3,725	3,725	3,027	(698)
Total Town Clerk	<u>122,133</u>	<u>122,133</u>	<u>117,712</u>	<u>(4,421)</u>
Town Election Expense:				
Salaries and wages	21,622	25,722	26,550	828
Professional and tech services	3,405	3,405	2,496	(909)
Purchased services	1,670	1,670	3,517	1,847
Supplies and materials	5,402	5,402	3,548	(1,854)
Total Town Election Expense	<u>32,099</u>	<u>36,199</u>	<u>36,111</u>	<u>(88)</u>
TOTAL GENERAL GOVERNMENT	<u>816,157</u>	<u>799,937</u>	<u>780,009</u>	<u>(19,928)</u>

*See accompanying Independent Auditor's Report.*

**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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>PUBLIC SAFETY</b>				
Salaries and wages	\$ 14,050	\$ 14,050	\$ 14,050	\$ -
Professional and tech services	200	200	-	(200)
Property services	2,075	2,075	-	(2,075)
Purchased services	13,560	13,560	12,326	(1,234)
Supplies and materials	100	100	-	(100)
Equipment	20	20	-	(20)
<b>TOTAL PUBLIC SAFETY</b>	<u>30,005</u>	<u>30,005</u>	<u>26,376</u>	<u>(3,629)</u>
<b>PUBLIC WORKS</b>				
Public Works Administration:				
Salaries and wages	360,122	360,122	338,867	(21,255)
Purchased services	1,400	1,400	175	(1,225)
Supplies and materials	3,000	3,000	2,392	(608)
<b>Total Public Works Administration</b>	<u>364,522</u>	<u>364,522</u>	<u>341,434</u>	<u>(23,088)</u>
Roads and Bridges:				
Property services	11,500	11,500	8,988	(2,512)
Supplies and materials	139,500	117,700	120,181	2,481
<b>Total Roads and Bridges</b>	<u>151,000</u>	<u>129,200</u>	<u>129,169</u>	<u>(31)</u>
Building, Maintenance and Repair:				
Property services	11,100	11,100	13,161	2,061
Purchased services	4,500	4,500	3,927	(573)
Supplies and materials	10,000	8,000	6,097	(1,903)
<b>Total Building, Maintenance and Repair</b>	<u>25,600</u>	<u>23,600</u>	<u>23,185</u>	<u>(415)</u>
Maintenance of Equipment:				
Property services	10,500	10,500	9,628	(872)
Supplies and materials	74,500	139,582	140,453	871
<b>Total Maintenance of Equipment</b>	<u>85,000</u>	<u>150,082</u>	<u>150,081</u>	<u>(1)</u>
Recycling Center:				
Salaries and wages	55,818	55,818	60,523	4,705
Professional and tech services	1,500	1,500	1,262	(238)
Property services	158,944	158,944	155,322	(3,622)
Purchased services	650	650	408	(242)
Supplies and materials	2,000	2,000	1,433	(567)
Other	850	850	800	(50)
<b>Total Recycling Center</b>	<u>219,762</u>	<u>219,762</u>	<u>219,748</u>	<u>(14)</u>
<b>TOTAL PUBLIC WORKS</b>	<u>845,884</u>	<u>887,166</u>	<u>863,617</u>	<u>(23,549)</u>
<b>HEALTH &amp; WELFARE</b>				
Ashford Historical Society	1,000	1,000	165	(835)
Agent for the Elderly	1,485	1,485	1,474	(11)
Commission on Aging	700	700	667	(33)
Contributions to Other Agencies	52,935	53,415	53,412	(3)
<b>TOTAL HEALTH &amp; WELFARE</b>	<u>56,120</u>	<u>56,600</u>	<u>55,718</u>	<u>(882)</u>

*See accompanying Independent Auditor's Report.*

**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, 2016**

	<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</b>				
Planning and Zoning:				
Salaries and wages	\$ 18,962	\$ 18,962	\$ 19,132	\$ 170
Professional and tech services	2,500	2,500	750	(1,750)
Purchased services	400	400	302	(98)
Supplies and materials	2,200	2,200	1,146	(1,054)
Total Planning and Zoning	<u>24,062</u>	<u>24,062</u>	<u>21,330</u>	<u>(2,732)</u>
Zoning Board of Appeals:				
Purchased services	1,230	230	-	(230)
Inland Wetlands:				
Salaries and wages	10,613	10,613	9,913	(700)
Professional and tech services	9,000	6,300	6,230	(70)
Purchased services	250	250	155	(95)
Supplies and materials	1,600	1,150	654	(496)
Total Inland Wetlands	<u>21,463</u>	<u>18,313</u>	<u>16,952</u>	<u>(1,361)</u>
Conservation Commission:				
Purchased services	1,250	1,250	706	(544)
Supplies and materials	500	500	497	(3)
Total Conservation Commission	<u>1,750</u>	<u>1,750</u>	<u>1,203</u>	<u>(547)</u>
Building Department:				
Salaries and wages	72,832	72,795	71,564	(1,231)
Professional and tech services	650	650	650	-
Purchased services	950	950	155	(795)
Supplies and materials	2,775	2,775	2,721	(54)
Other	-	-	881	881
Total Building Department	<u>77,207</u>	<u>77,170</u>	<u>75,971</u>	<u>(1,199)</u>
Economic Development:				
Professional and tech services	1,200	1,415	1,974	559
Purchased services	330	330	50	(280)
Supplies and materials	420	420	140	(280)
Total Economic Development	<u>1,950</u>	<u>2,165</u>	<u>2,164</u>	<u>(1)</u>
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	8,757	8,537	8,537	-
Supplies and materials	2,300	100	-	(100)
Total Sexton	<u>13,457</u>	<u>11,037</u>	<u>10,937</u>	<u>(100)</u>
<b>TOTAL PLANNING AND DEVELOPMENT</b>	<u>141,169</u>	<u>134,777</u>	<u>128,557</u>	<u>(6,220)</u>

*See accompanying Independent Auditor's Report.*

**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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>EDUCATION</b>				
Ashford Board of Education:				
Certified staff	\$ 2,947,376	\$ 2,910,376	\$ 2,919,573	\$ 9,197
Non-Certified staff	1,480,134	1,451,134	1,443,131	(8,003)
Insurance	1,018,356	1,047,356	1,053,525	6,169
Payroll taxes and benefits	405,432	405,432	399,869	(5,563)
Instructional improvement	38,500	38,500	50,136	11,636
Professional services	240,400	221,400	223,493	2,093
Utilities	72,000	72,000	65,600	(6,400)
Maintenance	101,668	101,668	158,524	56,856
Equipment maintenance	3,600	3,600	2,968	(632)
Other insurances	46,799	46,799	32,252	(14,547)
Transportation	73,375	73,375	31,536	(41,839)
Communication	12,000	12,000	13,101	1,101
Outside services	505,831	388,831	350,903	(37,928)
Purchased services	46,172	46,172	50,348	4,176
Supplies	129,018	137,018	133,457	(3,561)
Fuel	155,500	155,500	144,719	(10,781)
Textbooks	2,000	2,000	8,695	6,695
Equipment	118,311	279,311	279,177	(134)
Dues & fees	26,099	30,099	30,598	499
Miscellaneous	500	500	-	(500)
Total Ashford Board of Education	<u>7,423,071</u>	<u>7,423,071</u>	<u>7,391,605</u>	<u>(31,466)</u>
Regional School District No. 19	3,550,135	3,550,135	3,550,135	-
<b>TOTAL EDUCATION</b>	<u><b>10,973,206</b></u>	<u><b>10,973,206</b></u>	<u><b>10,941,740</b></u>	<u><b>(31,466)</b></u>
<b>OTHER</b>				
Employee Benefits	378,968	359,818	352,469	(7,349)
Insurance	28,000	28,000	27,708	(292)
<b>TOTAL OTHER</b>	<u><b>406,968</b></u>	<u><b>387,818</b></u>	<u><b>380,177</b></u>	<u><b>(7,641)</b></u>
<b>DEBT SERVICE</b>				
Principal	240,000	240,000	240,000	-
Interest	58,800	58,800	58,800	-
<b>TOTAL DEBT SERVICE</b>	<u><b>298,800</b></u>	<u><b>298,800</b></u>	<u><b>298,800</b></u>	<u><b>-</b></u>
<b>TOTAL EXPENDITURES</b>	<u><b>13,568,309</b></u>	<u><b>13,568,309</b></u>	<u><b>13,474,994</b></u>	<u><b>(93,315)</b></u>
<b>OTHER FINANCING USES</b>				
Transfers out:				
Animal Fund	20,269	20,269	20,269	-
Babcock Library Fund	184,000	184,000	184,000	-
Recreation Fund	60,527	76,927	76,927	-
Youth Services Fund	29,285	29,285	29,285	-
Volunteer Fire & Ambulance	210,910	210,910	210,910	-
Capital Projects Fund	-	19,000	19,000	-
Capital Nonrecurring Fund	-	218,427	218,427	-
Education - carryover	-	48,391	-	(48,391)
<b>TOTAL OTHER FINANCING USES</b>	<u><b>504,991</b></u>	<u><b>807,209</b></u>	<u><b>758,818</b></u>	<u><b>(48,391)</b></u>
<b>TOTAL EXPENDITURES AND     OTHER FINANCING USES</b>	<u><b>\$ 14,073,300</b></u>	<u><b>\$ 14,375,518</b></u>	<u><b>\$ 14,233,812</b></u>	<u><b>\$ (141,706)</b></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, 2016**

Grand List Year	Balance Uncollected June 30, 2015	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2016
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
1999	\$ 5,828	\$ -	\$ -	\$ 5,484	\$ -	\$ 344	\$ 43	\$ 120	\$ 163	\$ 301
2000	7,082	-	-	-	-	7,082	-	-	-	7,082
2001	12,453	-	-	-	-	12,453	-	-	-	12,453
2002	37,872	-	-	-	-	37,872	-	-	-	37,872
2003	32,121	-	-	-	-	32,121	-	-	-	32,121
2004	30,681	-	-	14	-	30,667	-	-	-	30,667
2005	33,463	-	-	-	-	33,463	-	-	-	33,463
2006	34,493	-	-	-	-	34,493	285	427	712	34,208
2007	36,740	-	-	-	-	36,740	456	606	1,062	36,284
2008	37,200	-	-	39	-	37,161	495	577	1,072	36,666
2009	39,021	-	-	16	-	39,005	412	407	819	38,593
2010	38,751	-	-	44	-	38,707	337	269	606	38,370
2011	63,626	-	-	-	-	63,626	20,471	8,442	28,913	43,155
2012	90,846	-	-	1,091	-	89,755	40,615	13,165	53,780	49,140
2013	<u>200,071</u>	<u>-</u>	<u>223</u>	<u>3,081</u>	<u>-</u>	<u>197,213</u>	<u>106,947</u>	<u>28,895</u>	<u>135,842</u>	<u>90,266</u>
Total prior years	700,248	-	223	9,769	-	690,702	170,061	52,908	222,969	520,641
2014	<u>-</u>	<u>9,891,584</u>	<u>6,880</u>	<u>17,388</u>	<u>-</u>	<u>9,881,076</u>	<u>9,701,012</u>	<u>30,436</u>	<u>9,731,448</u>	<u>180,064</u>
Total	<u>\$ 700,248</u>	<u>\$ 9,891,584</u>	<u>\$ 7,103</u>	<u>\$ 27,157</u>	<u>\$ -</u>	<u>\$ 10,571,778</u>	<u>\$ 9,871,073</u>	<u>\$ 83,344</u>	<u>\$ 9,954,417</u>	<u>\$ 700,705</u>

*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, 2016**

Total cash collections for the year ended  
June 30, 2016:

Taxes	\$ 9,871,073
Interest and lien fees	83,344
Total	<u>9,954,417</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	24,829
--------------------------------------	--------

Base \$ 9,979,246

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 22,453,304	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	44,906,607	-	-	-
3-3/4 times base	-	-	37,422,173	-	-
3-1/4 times base	-	-	-	32,432,550	-
3 times base	-	-	-	-	29,937,738
Total debt limitation	<u>22,453,304</u>	<u>44,906,607</u>	<u>37,422,173</u>	<u>32,432,550</u>	<u>29,937,738</u>
Indebtedness:					
Bonds payable	1,915,000	-	-	-	-
Bonds payable, net - Regional School District No. 19	-	408,397	-	-	-
Total indebtedness	<u>1,915,000</u>	<u>408,397</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 20,538,304</u>	<u>\$ 44,498,210</u>	<u>\$ 37,422,173</u>	<u>\$ 32,432,550</u>	<u>\$ 29,937,738</u>
Total capacity of borrowing (7 times base)	\$ 69,854,722				
Total present indebtedness	<u>2,323,397</u>				
Margin for additional borrowing	<u>\$ 67,531,325</u>				

*See accompanying Independent Auditor's Report.*

Nonmajor  
Governmental  
Funds

**TOWN OF ASHFORD, CONNECTICUT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

	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	Veterans Memorial Fund	
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ 17,388	\$ 17,821	\$ -	\$ -	\$ -	\$ -	\$ 35,209
Investments	-	-	-	-	-	-	-	-
Grants and contracts receivable	-	12,601	-	-	-	-	-	12,601
Other receivables	-	-	-	256	45	-	-	301
Due from other funds	42,776	-	-	16,450	32,036	24,996	6,174	122,432
Total assets	<u>\$ 42,776</u>	<u>\$ 29,989</u>	<u>\$ 17,821</u>	<u>\$ 16,706</u>	<u>\$ 32,081</u>	<u>\$ 24,996</u>	<u>\$ 6,174</u>	<u>\$ 170,543</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 3,098	\$ -	\$ 701	\$ 3,088	\$ 512	\$ -	\$ -	\$ 7,399
Due to other funds	-	7,610	1,810	7,831	50	-	-	17,301
Unearned revenue	-	2,618	-	5,719	-	-	-	8,337
Total liabilities	<u>3,098</u>	<u>10,228</u>	<u>2,511</u>	<u>16,638</u>	<u>562</u>	<u>-</u>	<u>-</u>	<u>33,037</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	39,678	19,761	15,310	68	31,519	24,996	6,174	137,506
Total fund balances	<u>39,678</u>	<u>19,761</u>	<u>15,310</u>	<u>68</u>	<u>31,519</u>	<u>24,996</u>	<u>6,174</u>	<u>137,506</u>
Total liabilities and fund balances	<u>\$ 42,776</u>	<u>\$ 29,989</u>	<u>\$ 17,821</u>	<u>\$ 16,706</u>	<u>\$ 32,081</u>	<u>\$ 24,996</u>	<u>\$ 6,174</u>	<u>\$ 170,543</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2016**

	Permanent Funds			Total Nonmajor Governmental Funds
	Band and Library Fund	Cemetery Fund	Total Permanent Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,295	\$ 17,449	\$ 23,744	\$ 58,953
Investments	-	75,000	75,000	75,000
Grants and contracts receivable	-	-	-	12,601
Other receivables	-	-	-	301
Due from other funds	-	-	-	122,432
Total assets	<u>\$ 6,295</u>	<u>\$ 92,449</u>	<u>\$ 98,744</u>	<u>\$ 269,287</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 7,399
Due to other funds	-	9,075	9,075	26,376
Unearned revenue	-	-	-	8,337
Total liabilities	<u>-</u>	<u>9,075</u>	<u>9,075</u>	<u>42,112</u>
<b>FUND BALANCES</b>				
Nonspendable	6,000	75,000	81,000	81,000
Restricted	295	8,374	8,669	8,669
Committed	-	-	-	137,506
Total fund balances	<u>6,295</u>	<u>83,374</u>	<u>89,669</u>	<u>227,175</u>
Total liabilities and fund balances	<u>\$ 6,295</u>	<u>\$ 92,449</u>	<u>\$ 98,744</u>	<u>\$ 269,287</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, 2016

	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	Veterans Memorial Fund	
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ 91,975	\$ 2,299	\$ -	\$ 17,071	\$ -	\$ -	\$ 111,345
Charges for services	4,967	66,644	1,590	36,545	9,652	1,635	50	121,083
Interest income	-	-	36	-	-	-	-	36
Other	57	-	-	340	-	-	-	397
Total revenues	<u>5,024</u>	<u>158,619</u>	<u>3,925</u>	<u>36,885</u>	<u>26,723</u>	<u>1,635</u>	<u>50</u>	<u>232,861</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	2,765	-	-	-	102	2,867
Public safety	23,602	-	-	-	-	-	-	23,602
Education	-	162,338	-	-	57,702	-	-	220,040
Recreation	-	-	-	114,567	-	-	-	114,567
Total expenditures	<u>23,602</u>	<u>162,338</u>	<u>2,765</u>	<u>114,567</u>	<u>57,702</u>	<u>-</u>	<u>102</u>	<u>361,076</u>
Excess (deficiency) of revenues over expenditures	(18,578)	(3,719)	1,160	(77,682)	(30,979)	1,635	(52)	(128,215)
<b>OTHER FINANCING SOURCES</b>								
Transfers in	20,269	-	-	76,927	29,285	-	-	126,481
Total other financing sources	<u>20,269</u>	<u>-</u>	<u>-</u>	<u>76,927</u>	<u>29,285</u>	<u>-</u>	<u>-</u>	<u>126,481</u>
Net change in fund balances	1,691	(3,719)	1,160	(755)	(1,694)	1,635	(52)	(1,734)
Fund balances - beginning	<u>37,987</u>	<u>23,480</u>	<u>14,150</u>	<u>823</u>	<u>33,213</u>	<u>23,361</u>	<u>6,226</u>	<u>139,240</u>
Fund balances - ending	<u>\$ 39,678</u>	<u>\$ 19,761</u>	<u>\$ 15,310</u>	<u>\$ 68</u>	<u>\$ 31,519</u>	<u>\$ 24,996</u>	<u>\$ 6,174</u>	<u>\$ 137,506</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS *(Continued)*  
 FOR THE YEAR ENDED JUNE 30, 2016

	Permanent Funds			Total Nonmajor Governmental Funds
	Band and Library Fund	Cemetery Fund	Total Permanent Funds	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 111,345
Charges for services	-	2,250	2,250	123,333
Interest income	13	195	208	244
Other	-	-	-	397
Total revenues	<u>13</u>	<u>2,445</u>	<u>2,458</u>	<u>235,319</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	2,867
Public safety	-	-	-	23,602
Education	-	-	-	220,040
Recreation	-	-	-	114,567
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,076</u>
Excess (deficiency) of revenues over expenditures	13	2,445	2,458	(125,757)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	126,481
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,481</u>
Net change in fund balances	13	2,445	2,458	724
Fund balances - beginning	<u>6,282</u>	<u>80,929</u>	<u>87,211</u>	<u>226,451</u>
Fund balances - ending	<u>\$ 6,295</u>	<u>\$ 83,374</u>	<u>\$ 89,669</u>	<u>\$ 227,175</u>

*See accompanying Independent Auditor's Report.*

# Fiduciary Funds

**TOWN OF ASHFORD, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2016**

	<b>School Activity Fund</b>	<b>Babcock Cornet Band Fund</b>	<b>Babcock Fund</b>	<b>Contractor Bond Fund</b>	<b>Ashford Food Bank Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 17,203	\$ 15,630	\$ 2,471	\$ 16,822	\$ 870	\$ 52,996
Receivables	5,975	200	-	-	-	6,175
Total assets	<u>\$ 23,178</u>	<u>\$ 15,830</u>	<u>\$ 2,471</u>	<u>\$ 16,822</u>	<u>\$ 870</u>	<u>\$ 59,171</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 3,000	\$ 258	\$ 3,258
Due to others	23,178	15,830	2,471	13,822	612	55,913
Total liabilities	<u>\$ 23,178</u>	<u>\$ 15,830</u>	<u>\$ 2,471</u>	<u>\$ 16,822</u>	<u>\$ 870</u>	<u>\$ 59,171</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, 2016**

	<b>Balance, July 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance, June 30, 2016</b>
<b>Student Activity Fund</b>				
Assets				
Cash and cash equivalents	\$ 14,780	\$ 40,022	\$ 37,599	\$ 17,203
Receivables	6,950	5,975	6,950	5,975
Total assets	<u>\$ 21,730</u>	<u>\$ 45,997</u>	<u>\$ 44,549</u>	<u>\$ 23,178</u>
Liabilities				
Accounts payable	\$ 400	\$ -	\$ 400	\$ -
Due to others	21,330	45,997	44,149	23,178
Total liabilities	<u>\$ 21,730</u>	<u>\$ 45,997</u>	<u>\$ 44,549</u>	<u>\$ 23,178</u>
<b>Babcock Cornet Band Fund</b>				
Assets				
Cash and cash equivalents	\$ 15,599	\$ 31	\$ -	\$ 15,630
Receivables	200	-	-	200
Total assets	<u>\$ 15,799</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 15,830</u>
Liabilities				
Due to others	\$ 15,799	\$ 31	\$ -	\$ 15,830
Total liabilities	<u>\$ 15,799</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 15,830</u>
<b>Babcock Fund</b>				
Assets				
Cash and cash equivalents	\$ 2,466	\$ 5	\$ -	\$ 2,471
Total assets	<u>\$ 2,466</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 2,471</u>
Liabilities				
Due to others	\$ 2,466	\$ 5	\$ -	\$ 2,471
Total liabilities	<u>\$ 2,466</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 2,471</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (Continued)**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2016</u>
<b>Contractor Bond Fund</b>				
Assets				
Cash and cash equivalents	\$ 16,788	\$ 34	\$ -	\$ 16,822
Total assets	<u>\$ 16,788</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 16,822</u>
Liabilities				
Accounts Payable	\$ 3,000	\$ -	\$ -	\$ 3,000
Due to others	13,788	34	-	13,822
Total liabilities	<u>\$ 16,788</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 16,822</u>
<b>Ashford Food Bank Fund</b>				
Assets				
Cash and cash equivalents	\$ 868	\$ 2	\$ -	\$ 870
Total assets	<u>\$ 866</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 870</u>
Liabilities				
Accounts Payable	\$ 258	\$ -	\$ -	\$ 258
Due to others	610	2	-	612
Total liabilities	<u>\$ 868</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 870</u>
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 50,501	\$ 40,094	\$ 37,599	\$ 52,996
Receivables	7,150	5,975	6,950	6,175
Total assets	<u>\$ 57,651</u>	<u>\$ 46,069</u>	<u>\$ 44,549</u>	<u>\$ 59,171</u>
Liabilities				
Accounts payable	\$ 3,658	\$ -	\$ 400	\$ 3,258
Due to others	53,993	46,069	44,149	55,913
Total liabilities	<u>\$ 57,651</u>	<u>\$ 46,069</u>	<u>\$ 44,549</u>	<u>\$ 59,171</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**

**STATE SINGLE AUDIT REPORTS**

**JUNE 30, 2016**

## CONTENTS

	Page
<b>INTERNAL CONTROL AND COMPLIANCE REPORT</b>	
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 <i>Government Auditing Standards</i>	1
<b>STATE SINGLE AUDIT SECTION</b>	
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	3
<b>Schedule of Expenditures of State Financial Assistance</b>	
Schedule of Expenditures of State Financial Assistance	5
Note to Schedule of Expenditures of State Financial Assistance	7
<b>Schedule of State Findings and Questioned Costs</b>	8

---

## **Internal Control and Compliance Report**

---

---

**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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 6, 2016.

**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.

*Mahoney Sabol + Company, LLP*

Glastonbury, Connecticut  
December 6, 2016

---

## **State Single Audit Section**

---

---

**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, 2016. 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, 2016.

## **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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon, dated December 6, 2016, 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  
December 6, 2016

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<u>State Grantor; Pass-Through Grantor; Program Title</u>	<u>State Grant Program Core - CT Number</u>	<u>Expenditures</u>
<b>NONEXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
Primary Mental Health Grant	11000-SDE64370-12198	\$ 16,009
Youth Service Bureau Grant	11000-SDE64370-17052	14,000
High Quality Schools Start Up	12052-SDE64370-43538	10,000
Healthy Foods Initiative Grant	11000-SDE64370-16212	3,700
School Breakfast - State Match	11000-SDE64370-17046	3,133
Youth Service Bureau Enhancement Grant	11000-SDE64370-16201	3,071
Child Nutrition Program - School Lunch State Match	11000-SDE64370-16211	1,800
<b>Total Department of Education</b>		<u>51,713</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Local Capital Improvement Program	12050-OPM20600-40254	50,017
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	22,090
Municipal Grants-In-Aid	12052-OPM20600-43587	3,582
Property Tax Relief for Veterans	11000-OPM20600-17024	1,685
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	1,054
<b>Total Office of Policy and Management</b>		<u>78,428</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
<b>Direct:</b>		
Town Aid Road Grant	12052-DOT57131-43455	<u>319,484</u>
<b>CONNECTICUT STATE LIBRARY</b>		
<b>Direct:</b>		
Historic Document Preservation	12060-CSL66094-35150	2,299
State Grants to Public Libraries	11000-CSL66051-17003	1,087
Connecticard Payments	11000-CSL66051-17010	151
<b>Total Connecticut State Library</b>		<u>3,537</u>
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>		
<b>Direct:</b>		
Small Town Economic Assistance Program	12052-ECD46510-42411	<u>36,770</u>
<b>CONNECTICUT OFFICE OF EARLY CHILDHOOD EDUCATION</b>		
<b>Direct:</b>		
School Readiness	11000-OEC64845-12113	113,400
School Readiness Quality Enhancement	11000-OEC64845-17097	3,881
<b>Total Connecticut Office of Early Childhood Education</b>		<u>117,281</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>607,213</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, 2016

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core - CT Number	Expenditures
<b>EXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
Education Cost Sharing	11000-SDE64370-17041	\$ 3,921,558
Excess Costs Student Based and Equity	11000-SDE64370-17047	83,454
Public School Transportation	11000-SDE64370-17027	31,433
<b>Total Department of Education</b>		<u>4,036,445</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	<u>25,506</u>
<b>Total Exempt Programs</b>		<u>4,061,951</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 4,669,164</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, 2016

---

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 1 - 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, 2016**

---

**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  
None

Significant deficiency(ies) identified? \_\_\_\_\_ Yes    ✓ Reported

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

**STATE FINANCIAL ASSISTANCE**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes    ✓ No  
None

Significant deficiency(ies) identified? \_\_\_\_\_ Yes    ✓ Reported

Type of auditor's 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    ✓ 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 Grant	12052-DOT57131-43455	\$ 319,484

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 OF**  
**INTERNAL CONTROL RELATED MATTERS**

**JUNE 30, 2016**

---

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, 2016 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.

### **Deficiencies in 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the attention by those charged with governance.

Our consideration of the Town's internal control was for the limited purpose described above and was not designed to identify all deficiencies, significant deficiencies or material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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 the Town's internal controls and operating efficiencies:

## **CURRENT YEAR RECOMMENDATIONS**

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

#### ***Capital Assets***

During our audit, we noted that capital assets of the Board of Education are currently being maintained on an Excel spreadsheet separate from the Town's capital assets. The Town currently maintains its capital assets on an asset management software system.

We recommend that the Town's asset management software system be updated to include the capital assets of the Board of Education. We further recommend that a detail listing of capital asset additions and disposals be provided by the Board of Education to the Town on a quarterly basis so that the asset management software system can be updated in a timely manner.

## **UNRESOLVED PRIOR YEAR RECOMMENDATIONS**

### **Systems: Town and Board of Education**

#### ***Fraud Risk Assessment Process***

During the prior year audit, we noted that neither the Town nor the Board of Education has a formal fraud risk assessment process. During the current year audit, we noted that management of the Town and the Board of Education have begun developing a formal fraud risk assessment process. A fraud risk assessment process is an important process that can be used by an organization to systematically identify where and how fraud may occur and who may be in a position to commit fraud. The process is used to identify fraud risk schemes as well as respective controls that may prevent or detect these schemes.

The benefits of a planned and properly executed fraud risk assessment process includes identifying specific instances of fraud within the organization early, allowing the organization to address and detect fraud risk proactively rather than reactively and deterring potential fraud through its existence and communication to employees.

We continued to recommend that the Town and the Board of Education work towards finalizing its fraud risk assessment process.

#### ***Evaluation of Current Accounting Systems***

During the prior year audit, we communicated that the current accounting systems used by the Town and the Board of Education to perform procurement and general ledger accounting activities were acquired several years ago. The use of outdated accounting systems could result in inefficiencies in the processing and reporting of financial information in addition to increasing security risks. Industry trends have produced more sophisticated systems designed toward reducing redundancy, increasing efficiency, and improving data quality and integrity. During the current year audit, we noted that management of the Town and the Board of Education have begun the process of evaluating newer accounting systems and intend to issue a Request for Proposal to selected vendors in the near term.

We continue to recommend that management conduct an evaluation of its existing accounting systems in order to determine whether or not implementing a new accounting system would improve the Town's overall internal control structure and financial reporting processes.

## UNRESOLVED PRIOR YEAR RECOMMENDATIONS *(Continued)*

### System: Town

#### *Credit Card Policy*

During the prior year audit, we noted that the Town does not have a written credit card policy. Credit cards are currently used as part of the purchasing and disbursement process for the Town. Although the use of a business credit card can be more convenient and efficient than processing transactions through the typical purchasing and disbursement process, inadequate documentation and other internal control deficiencies over credit card usage could expose the Town to abuse and fraud.

We continue to recommend that the Board of Finance adopt a written credit card policy. Adopting a written policy will assist in strengthening existing internal controls surrounding credit card purchases and will provide a basis for determining compliance with the policy. We recommend that policy address and/or require the following:

- require authorization of all credit cards and users by the appropriate Board;
- establish reasonable credit limits for each purchase, transaction, and/or for the total on the card;
- establish guidelines for phone, fax and internet purchases;
- require periodic independent review of bills;
- delegate the approval, verification, and payment of purchases to different individuals;
- establish consequences for inappropriate charges;
- require verification that items purchased were actually received;
- require itemization on receipts;
- require reconciliation of credit card statements to itemized receipts and invoices;
- require documentation of the purpose for which the card was used; and
- require the names of individuals for whom purchase were incurred on-behalf of.

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, Board of Education 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.



Glastonbury, Connecticut  
December 6, 2016