

**TOWN OF ASHFORD, CONNECTICUT**

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

**JUNE 30, 2015**

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Independent  
Auditor's Report

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## 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, 2015, 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, 2015, 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 47 and 48 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 49 through 63 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 8, 2015, 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 8, 2015

# Management's Discussion and Analysis

**TOWN OF ASHFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
JUNE 30, 2015

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As management of the Town of Ashford, Connecticut (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

**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 \$18,037,448 (net position). Of this amount, \$3,745,657 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$91,795.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,626,759, an increase of \$132,625 in comparison with the prior year. Approximately 35.1% or \$1,625,757 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 \$1,625,757 or 11.1% 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 \$235,000 or 9.8%, from \$2,390,000 as of June 30, 2014 to \$2,155,000 as of June 30, 2015. 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 (e.g., uncollected taxes and earned but unused vacation leave).

**TOWN OF ASHFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*  
JUNE 30, 2015

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**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, 2015**

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

***Fiduciary Funds***

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

The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 46 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 47 and 48 of this report. Combining and individual fund statements and schedules can be found on pages 49 through 63 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

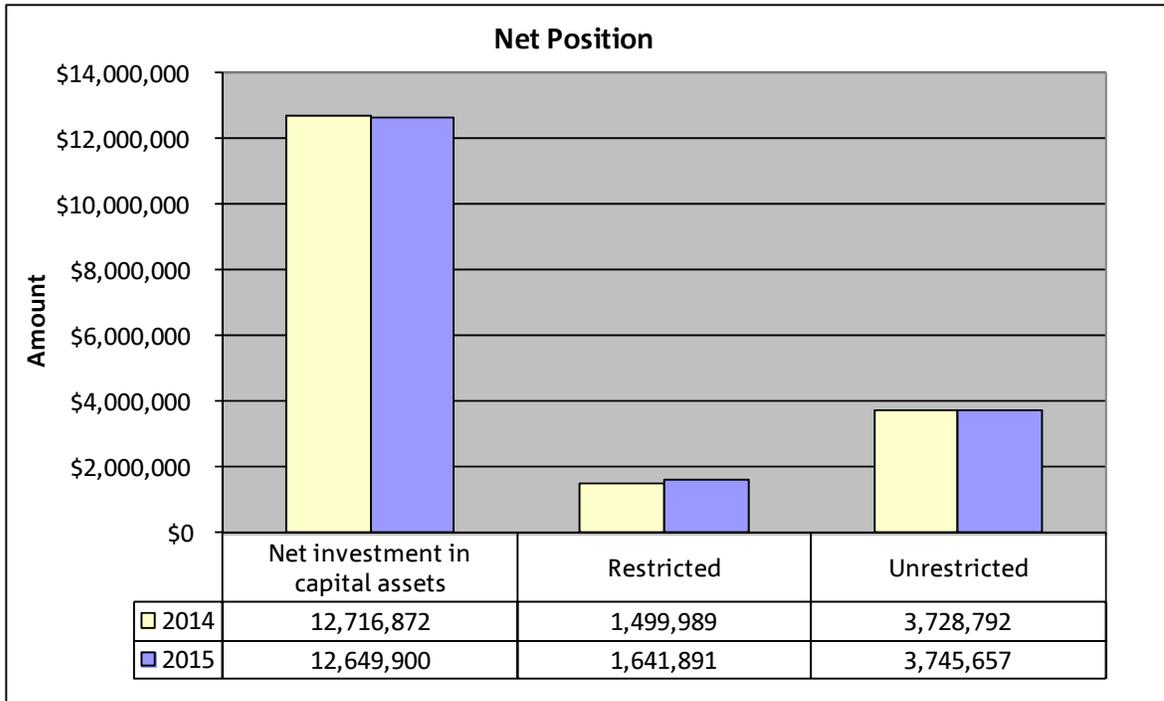
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$18,037,448 and \$17,945,653 as of June 30, 2015 and 2014, respectively, and is summarized as follows:

<b>Net Position</b>		
<b>June 30, 2015 and 2014</b>		
	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 6,453,575	\$ 5,790,114
Capital assets	<u>15,357,678</u>	<u>15,224,205</u>
Total assets	<u>21,811,253</u>	<u>21,014,319</u>
Deferred outflows of resources	<u>21,595</u>	<u>23,065</u>
Other liabilities	938,858	496,017
Long-term liabilities	<u>2,856,542</u>	<u>2,595,714</u>
Total liabilities	<u>3,795,400</u>	<u>3,091,731</u>
Net position:		
Net investment in capital assets	12,649,900	12,716,872
Restricted	1,641,891	1,499,989
Unrestricted	<u>3,745,657</u>	<u>3,728,792</u>
Total net position	<u>\$ 18,037,448</u>	<u>\$ 17,945,653</u>

**TOWN OF ASHFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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

**Net Position (Continued)**



Of the Town's net position, 70.1% reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

9.1% 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, 2015**

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

**Changes in Net Position**

Changes in net position for the years ended June 30, 2015 and 2014 are as follows:

	<b>Changes in Net Position</b>	
	<b>June 30, 2015 and 2014</b>	
	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 484,253	\$ 460,897
Operating grants and contributions	5,550,219	5,507,383
Capital grants and contributions	367,264	642,163
General revenues:		
Property taxes	9,659,051	9,513,718
Grants and contributions not restricted	86,990	103,678
Unrestricted investment earnings	<u>17,376</u>	<u>14,710</u>
Total revenues	<u>16,165,153</u>	<u>16,242,549</u>
Expenses:		
General government	1,092,684	1,046,500
Public safety	113,885	76,867
Public works	1,279,719	1,124,741
Health and welfare	283,577	246,775
Planning and development	291,497	330,617
Education	12,660,421	12,533,474
Library	190,834	188,393
Recreation	100,465	106,066
Interest on long-term debt	<u>60,276</u>	<u>53,475</u>
Total expenses	<u>16,073,358</u>	<u>15,706,908</u>
Change in net position	<u>\$ 91,795</u>	<u>\$ 535,641</u>

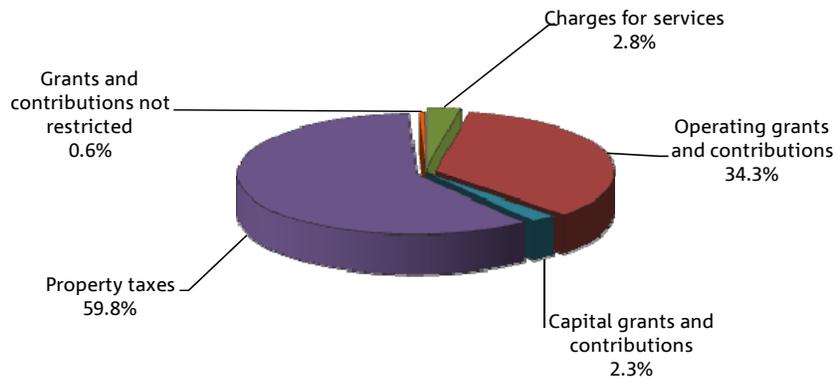
**TOWN OF ASHFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*  
JUNE 30, 2015

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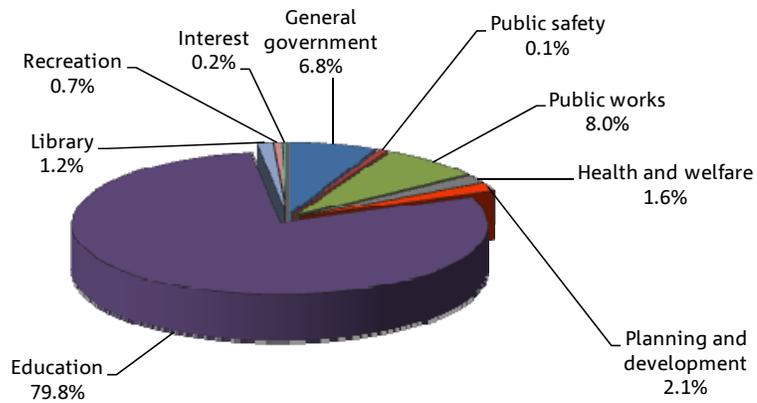
**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Changes in Net Position *(Continued)***

**2015 Revenues by Source -  
Governmental Activities**



**2015 Expenses by Function -  
Governmental Activities**



**TOWN OF ASHFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*  
JUNE 30, 2015

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

**Governmental Activities**

Governmental activities increased the Town's net position by \$91,795. Revenues generated by the Town decreased by approximately \$77,000 in comparison to revenues reported in the prior year. This decrease was due primarily to a decrease in grants and contributions of approximately \$249,000, which was offset by an increase in property taxes of approximately \$145,000. Expenses incurred by the Town increased by \$366,000 in comparison to expenses reported in the prior year. This increase was driven by an overall increase in education expenses of approximately \$127,000 or 1.0% and an increase in public works expenses of approximately \$155,000 or 13.8%.

**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 \$4,626,759, an increase of \$132,625 in comparison with the prior year. Of this amount, \$1,627,757 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 \$1,625,757, while total fund balance was \$1,726,540. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance for the General Fund was 11.1% 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.

**Capital Nonrecurring Fund**

The fund balance of the Capital Nonrecurring Fund increased by \$293,872 during the current fiscal year. This increase is primarily related to a transfer in from the General Fund, representing the portion of the prior year fund balance of the General Fund in excess of 10.0% of budgeted General Fund expenditures.

**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.

**TOWN OF ASHFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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

**Small Cities Grant Program Fund**

The fund balance of the Small Cities Grant Program Fund increased by \$142,386 during the current fiscal year. This increase is primarily related to current year grant proceeds utilized to make new program loans.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The actual net change in fund balance of the General Fund on a budgetary basis was a decrease of \$291,526. Expenditures were \$110,432 less than budgeted, and total budgetary revenues were \$160,720 more than expected due primarily to a favorable variance in property tax revenues, as well as receipt of various unbudgeted grant reimbursements, including a FEMA reimbursement of approximately \$23,000. Differences between the original budget and the final amended budget resulted in additional appropriations of \$594,865, including \$527,939 transferred to the Capital Nonrecurring Fund, which represented the portion of the prior year fund balance of the General Fund in excess of 10.0% of budgeted General Fund expenditures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets as of June 30, 2015 and 2014 totaled \$15,357,678 and \$15,224,205, respectively (net of accumulated depreciation). This investment in capital assets includes land and land development rights, buildings and improvements, machinery, equipment and vehicles and infrastructure assets such as roads and bridges. The total increase in the Town's investment in capital assets for the current fiscal year was \$133,473 or 0.9%, which consisted of capital additions of \$552,119 offset by current year depreciation of \$413,710 and a nominal reduction for disposals.

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

- the purchase of a school bus in the amount of \$82,441 for educational services;
- the purchase of a dump truck in the amount of \$154,681 for the benefit of the public works department;
- the purchase of fire truck in the amount of \$284,071.

The costs associated with the purchase of the dump truck and fire truck are being funded through capital lease obligations.

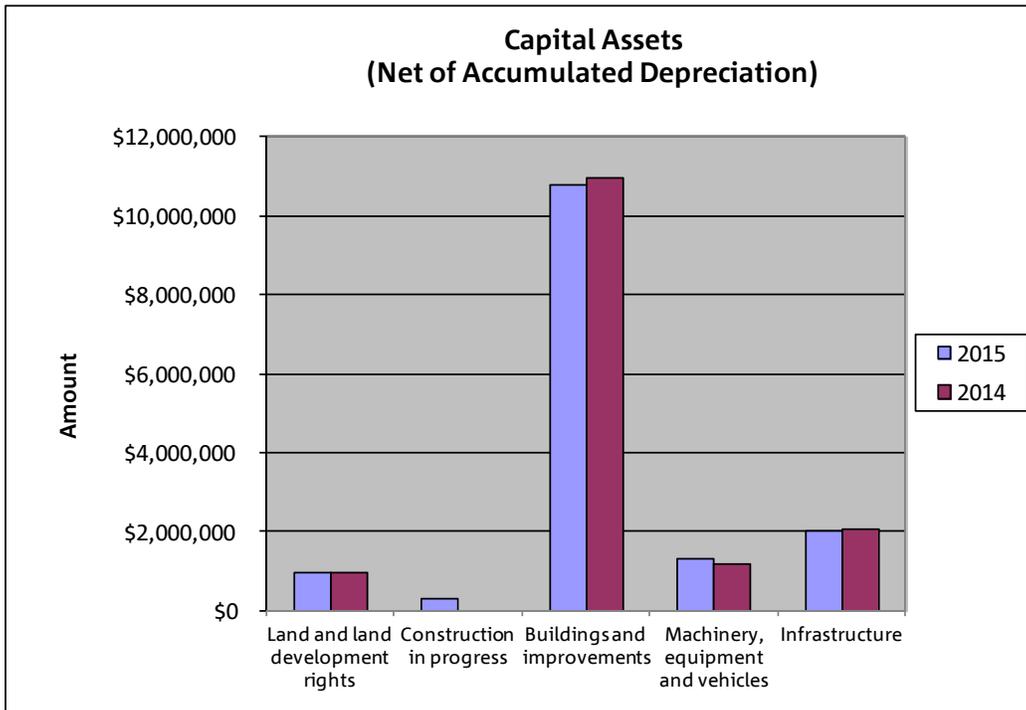
The following table is a two year comparison of the investment in capital assets:

<b>Capital Assets, net</b>		
<b>June 30, 2015 and 2014</b>		
	Governmental Activities	
	2015	2014
Land and land development rights	\$ 968,756	\$ 968,756
Construction in progress	284,071	-
Buildings and improvements	10,789,423	10,972,527
Machinery, equipment and vehicles	1,310,409	1,205,740
Infrastructure	2,005,019	2,077,182
Totals	\$ 15,357,678	\$ 15,224,205

**TOWN OF ASHFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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

**Capital Assets (Continued)**



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

**Long-term Debt**

At the end of the current fiscal year, the Town had \$2,155,000 of long-term bonded debt and \$442,377 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 increased by \$207,377 or 8.7% due to the funding of certain current year capital purchases in the amount of \$551,730 through capital lease arrangements offset by scheduled debt service repayments totaling \$344,353.

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.

**TOWN OF ASHFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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

**Long-term Debt (Continued)**

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

<b>Long-Term Debt</b>		
<b>June 30, 2015 and 2014</b>		
	Governmental	
	Activities	
	2015	2014
Bond payable	\$ 2,155,000	\$ 2,390,000
Capital lease obligations	442,377	-
Totals	<u>\$ 2,597,377</u>	<u>\$ 2,390,000</u>

Additional information on the Town's long-term debt can be found in Note H on pages 37 through 39 of this report.

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

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

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- The unemployment rate for the Town as of August 2015 was estimated to be 4.4%. This 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 2016.

The Town has not assigned any portion of fund balance of the General Fund for spending in the 2016 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, 2015

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,883,402
Investments	75,000
Receivables:	
Property taxes, net of allowance for uncollectibles of \$150,000	550,248
Interest on property taxes, net of allowance for uncollectibles of \$205,000	382,679
Grants and contracts	39,691
Other	12,861
Loans receivable, long-term	1,509,694
Capital assets:	
Non-depreciable	1,252,827
Depreciable, net	14,104,851
Total assets	21,811,253
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding	21,595
<b>LIABILITIES</b>	
Accounts payable	480,023
Accrued liabilities:	
Salaries and benefits payable	414,460
Accrued interest	11,475
Unearned revenue	32,900
Noncurrent liabilities:	
Due within one year	356,603
Due in more than one year	2,499,939
Total liabilities	3,795,400
<b>NET POSITION</b>	
Net investment in capital assets	12,649,900
Restricted for:	
Endowments - nonexpendable	81,000
Planning and development	1,560,891
Unrestricted	3,745,657
Total net position	\$ 18,037,448

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

**TOWN OF ASHFORD, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 1,092,684	\$ 106,171	\$ 27,311	\$ -	\$ (959,202)
Public safety	113,885	5,009	-	-	(108,876)
Public works	1,279,719	-	-	367,264	(912,455)
Health and welfare	283,577	-	-	-	(283,577)
Planning and development	291,497	-	273,424	-	(18,073)
Education	12,660,421	326,612	5,248,107	-	(7,085,702)
Library	190,834	12,155	1,377	-	(177,302)
Recreation	100,465	34,306	-	-	(66,159)
Interest on long-term debt	60,276	-	-	-	(60,276)
Total governmental activities	<u>\$ 16,073,358</u>	<u>\$ 484,253</u>	<u>\$ 5,550,219</u>	<u>\$ 367,264</u>	<u>(9,671,622)</u>
General revenues:					
Property taxes, levied for general purposes					9,659,051
Grants and contributions not restricted to specific programs					86,990
Unrestricted investment earnings					17,376
Total general revenues					<u>9,763,417</u>
					Change in net position 91,795
					Net position - beginning <u>17,945,653</u>
					Net position - ending <u>\$ 18,037,448</u>

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

**TOWN OF ASHFORD, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Educational Grants Fund</u>	<u>Small Cities Grant Program Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,561,052	\$ 214,404	\$ -	\$ 45,481	\$ 62,465	\$ 3,883,402
Investments	-	-	-	-	75,000	75,000
Receivables:						
Property taxes, net of allowance for uncollectibles of \$150,000	550,248	-	-	-	-	550,248
Grants and contracts	23,753	-	-	-	15,938	39,691
Loans	-	-	-	1,509,694	-	1,509,694
Other	12,861	-	-	-	-	12,861
Due from other funds	24,614	937,983	36,002	-	114,638	1,113,237
Total assets	<u>\$ 4,172,528</u>	<u>\$ 1,152,387</u>	<u>\$ 36,002</u>	<u>\$ 1,555,175</u>	<u>\$ 268,041</u>	<u>\$ 7,184,133</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 435,968	\$ 5,922	\$ 28,371	\$ 495	\$ 9,267	\$ 480,023
Salaries and benefits payable	404,643	-	7,631	-	2,186	414,460
Due to other funds	1,088,623	-	-	-	24,614	1,113,237
Unearned revenue	-	27,377	-	-	5,523	32,900
Total liabilities	<u>1,929,234</u>	<u>33,299</u>	<u>36,002</u>	<u>495</u>	<u>41,590</u>	<u>2,040,620</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	516,754	-	-	-	-	516,754
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	81,000	81,000
Restricted	-	-	-	1,554,680	6,211	1,560,891
Committed	17,116	1,119,088	-	-	139,240	1,275,444
Assigned	83,667	-	-	-	-	83,667
Unassigned	1,625,757	-	-	-	-	1,625,757
Total fund balances	<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>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,172,528</u>	<u>\$ 1,152,387</u>	<u>\$ 36,002</u>	<u>\$ 1,555,175</u>	<u>\$ 268,041</u>	<u>\$ 7,184,133</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, 2015**

Total fund balances for governmental funds	\$	4,626,759
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
Construction in progress		284,071
Buildings and improvements		14,315,753
Machinery, equipment and vehicles		3,536,952
Infrastructure		2,455,539
Less: accumulated depreciation and amortization		<u>(6,203,393)</u>
Total capital assets, net		15,357,678
Accrued interest on property taxes, net of the allowance for uncollectibles is not susceptible to accrual and therefore is not reported in the funds.		
		382,679
Some of the Town's taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		
		516,754
The deferred charges on refunding are not susceptible to accrual and therefore are not reported in the funds.		
		21,595
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Long-term debt:		
Bond payable		(2,155,000)
Accrued interest payable		(11,475)
Unamortized premium		(131,996)
Other long-term liabilities:		
Capital lease obligations		(442,377)
Compensated absences		(35,360)
Net OPEB obligation		<u>(91,809)</u>
Total long-term liabilities		<u>(2,868,017)</u>
Net position of governmental activities	\$	<u><u>18,037,448</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, 2015**

	General Fund	Capital Nonrecurring Fund	Educational Grants Fund	Small Cities Grant Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 9,572,093	\$ -	\$ -	\$ -	\$ -	\$ 9,572,093
Intergovernmental	5,028,901	196,684	350,386	273,424	118,999	5,968,394
Charges for services	344,337	-	-	-	130,085	474,422
Interest income	16,867	261	-	-	252	17,380
Miscellaneous	45,640	-	-	-	110	45,750
Total revenues	<u>15,007,838</u>	<u>196,945</u>	<u>350,386</u>	<u>273,424</u>	<u>249,446</u>	<u>16,078,039</u>
<b>EXPENDITURES</b>						
Current:						
General government	807,251	-	-	-	7,460	814,711
Public safety	24,773	-	-	-	27,828	52,601
Public works	848,351	-	-	-	-	848,351
Health and welfare	254,026	-	-	-	-	254,026
Planning and development	125,062	-	-	131,038	-	256,100
Education	11,771,983	-	350,455	-	223,499	12,345,937
Library	186,724	-	-	-	-	186,724
Recreation	-	-	-	-	95,292	95,292
Employee benefits and insurance	345,803	-	-	-	-	345,803
Capital outlays	38,090	847,067	-	-	-	885,157
Debt service:						
Principal payments	239,153	105,200	-	-	-	344,353
Interest and fiscal charges	63,550	4,539	-	-	-	68,089
Total expenditures	<u>14,704,766</u>	<u>956,806</u>	<u>350,455</u>	<u>131,038</u>	<u>354,079</u>	<u>16,497,144</u>
Excess (deficiency) of revenues over expenditures	303,072	(759,861)	(69)	142,386	(104,633)	(419,105)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital leases	25,936	525,794	-	-	-	551,730
Transfers in	-	527,939	-	-	110,513	638,452
Transfers out	(638,452)	-	-	-	-	(638,452)
Total other financing sources (uses)	<u>(612,516)</u>	<u>1,053,733</u>	<u>-</u>	<u>-</u>	<u>110,513</u>	<u>551,730</u>
Net change in fund balances	(309,444)	293,872	(69)	142,386	5,880	132,625
Fund balances - beginning	<u>2,035,984</u>	<u>825,216</u>	<u>69</u>	<u>1,412,294</u>	<u>220,571</u>	<u>4,494,134</u>
Fund balances - ending	<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>

*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, 2015**

Net change in fund balances - total governmental funds	\$	132,625
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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	\$ 552,119	
Depreciation and amortization expense	<u>(413,710)</u>	
Net adjustment		138,409

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.

(4,936)

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

41,549

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.

45,565

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	(551,730)	
Principal repayments:		
Bonds payable	235,000	
Obligations under capital lease	<u>109,353</u>	
Net adjustment		(207,377)

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	1,864	
Contract payable	13,092	
Early retirement incentive	15,000	
Accrued interest	881	
Amortization of bond premium	8,402	
Amortization of deferred charge on refunding	(1,470)	
Net OPEB obligation	<u>(91,809)</u>	
Net adjustment		<u>(54,040)</u>

Change in net position of governmental activities	\$	<u>91,795</u>
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*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, 2015**

	<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	\$ 9,483,945	\$ 9,483,945	\$ 9,572,093	\$ 88,148
Intergovernmental	4,197,135	4,197,135	4,254,746	57,611
Charges for services	98,825	98,825	103,735	4,910
Investment income	15,000	15,000	16,863	1,863
Miscellaneous revenue	27,435	27,435	35,623	8,188
Total revenues	<u>13,822,340</u>	<u>13,822,340</u>	<u>13,983,060</u>	<u>160,720</u>
<b>EXPENDITURES</b>				
Current:				
General government	797,509	820,172	808,437	(11,735)
Public safety	26,363	26,729	24,773	(1,956)
Public works	810,862	853,341	848,351	(4,990)
Health and welfare	254,552	254,552	254,026	(526)
Planning and development	135,363	137,872	125,060	(12,812)
Education	7,288,036	7,288,036	7,239,645	(48,391)
Education - Regional School District No. 19	3,523,961	3,523,962	3,523,962	-
Employee benefits and insurance	409,106	375,827	345,805	(30,022)
Debt service:				
Principal payments	235,000	235,000	235,000	-
Interest and fiscal charges	63,550	63,550	63,550	-
Total expenditures	<u>13,544,302</u>	<u>13,579,041</u>	<u>13,468,609</u>	<u>(110,432)</u>
Excess (deficiency) of revenues over expenditures	278,038	243,299	514,451	271,152
<b>OTHER FINANCING SOURCES (USES)</b>				
Continued appropriations - education	-	(32,187)	-	32,187
Transfers out	(278,038)	(805,977)	(805,977)	-
Appropriation of undesignated fund balance	-	594,865	-	(594,865)
Total other financing sources (uses), net	<u>(278,038)</u>	<u>(243,299)</u>	<u>(805,977)</u>	<u>(562,678)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(291,526)	<u>\$ (291,526)</u>
Fund balance - beginning			<u>2,000,950</u>	
Fund balance - ending			<u>\$ 1,709,424</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, 2015**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 29,773	\$ 32,276	\$ 50,501
Investments, at fair value:			
U.S. Treasury securities	88,311	-	-
Corporate and foreign bonds	106,648	-	-
Mutual funds	-	126,359	-
Equity securities	834,589	-	-
Contributions receivable:			
Employer	62,007	-	-
Other	-	-	7,150
Total assets	<u>1,121,328</u>	<u>158,635</u>	<u>\$ 57,651</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 3,658
Due to others	-	6,900	53,993
Total liabilities	<u>-</u>	<u>6,900</u>	<u>\$ 57,651</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 1,121,328</u>	<u>\$ 151,735</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, 2015**

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 64,886	\$ -
Private donations	-	3,225
Total Contributions	<u>64,886</u>	<u>3,225</u>
Investment earnings:		
Interest and dividends	28,985	2,870
Net increase in the fair value of investments	<u>(5,832)</u>	<u>(30)</u>
Total investment earnings	23,153	2,840
Less: investment expense	<u>11,623</u>	<u>1,285</u>
Net investment earnings	<u>11,530</u>	<u>1,555</u>
Total additions	<u>76,416</u>	<u>4,780</u>
<b>DEDUCTIONS</b>		
Benefit payments	-	7,500
Total deductions	<u>-</u>	<u>7,500</u>
Change in net position	76,416	(2,720)
Net position - beginning	<u>1,044,912</u>	<u>154,455</u>
Net position - ending	<u>\$ 1,121,328</u>	<u>\$ 151,735</u>

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

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30, 2015

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

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

**Financial Reporting Entity**

**History and Organization**

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

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

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

**Government-Wide and Fund Financial Statements**

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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

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

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

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

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

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

**Cash Equivalents**

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

**Investments**

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

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

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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

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

**Donor-restricted Endowments**

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

**Property Taxes**

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established allowances for uncollectible taxes and interest as of June 30, 2015 in the amount of \$150,000 and \$205,000, respectively.

**Loans Receivable**

The Town administers a Residential Rehabilitation Loan Program for low to moderate income families. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2015, loans receivable totaled \$1,509,694 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.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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

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

**Capital Assets *(Continued)***

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	7-30
Infrastructure	20-100

**Unearned Revenue**

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

**Deferred Outflows/Inflows of Resources**

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

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

**Compensated Absences**

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

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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

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

**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.

**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.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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

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

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

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

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

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

***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 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".

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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

**Interfund Receivables and Payables *(Continued)***

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

**Interfund Services Provided and Used**

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

**Interfund Transfers**

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

**Interfund Reimbursements**

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

**Use of Estimates**

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

**NOTE B - BUDGETARY INFORMATION**

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

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

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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

- The Board of Finance holds at least one public hearing on the proposed budget. The Board of Finance may review the budget requests with the head of each department, board, agency and commission including the local Board of Education. The Board of Finance then prepares a budget to be presented at the Town's Annual Budget meeting. This meeting shall consider the budget presented by the Board of Finance and may approve or lower the General Government, Ashford Board of Education and/or Capital Projects budgets. The Region 19 budget cannot be approved or lowered during this meeting as it is subject to a separate Region 19 referendum. The Annual Budget meeting will adjourn to referendum.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department level. Transfers of budgeted amounts between departments must be approved by the Board of Finance. Management may transfer amounts between line items within a department. Additional appropriation requests are submitted by the department heads to the Board of Selectmen. The Board of Selectmen acts on the requests, which, if approved are sent to the Board of Finance. The Board of Finance may approve additional appropriations for a department, provided such additional appropriations do not exceed \$20,000 or are not a second request for an appropriation by the asking board, commission or department. Appropriations in excess of the amount which the Board of Finance may approve or a second request by the requesting board, commission or department, must also be approved by vote of a Town Meeting. During the year ended June 30, 2015, additional appropriations from fund balance totaled \$594,865.
- 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, 2015**

**NOTE B - 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, 2015:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary basis	\$ 13,983,060	\$ 13,468,609	\$ (805,977)	\$ 1,709,424
"On-behalf" payments - State Teachers Retirement Fund	727,414	727,414	-	-
Changes in encumbrances	-	12,251	-	-
Babcock Library Fund	13,532	186,724	173,711	16,442
Other Funds	-	-	(6,186)	674
Capital leases	-	25,936	25,936	-
Certain costs presented net for budgetary purposes	283,832	283,832	-	-
GAAP basis	<u>\$ 15,007,838</u>	<u>\$ 14,704,766</u>	<u>\$ (612,516)</u>	<u>\$ 1,726,540</u>

**Capital Projects Authorizations**

The following is a summary of capital projects as of June 30, 2015:

<u>Capital Project</u>	<u>Authorization</u>	<u>Authorization Transfer</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance - June 30, 2015</u>
<b>Capital Nonrecurring Fund:</b>					
Fire truck - cab, chassis, pump	\$ 387,186	\$ -	\$ 103,489	\$ 103,489	\$ 283,697
Road repairs - Turnpike Road	200,000	-	-	200,000	-
Road repairs - Hnath Road	196,000	-	-	187,440	8,560
Road resurfacing	170,571	-	184,184	184,184	(13,613)
DPW Truck purchase	160,768	-	32,302	32,302	128,466
School parking lot repairs	136,000	-	-	135,996	4
School facility repair	103,000	-	-	102,761	239
School bus	90,054	-	82,441	82,441	7,613
Crosswalk	65,000	-	-	32,560	32,440
School safety upgrades	63,000	-	47,337	47,337	15,663
Town property - brook restoration	50,000	-	-	47,510	2,490
DPW Truck purchase	30,000	-	-	30,000	-
School van replacement	27,106	-	-	23,470	3,636
Revaluation	25,613	-	13,092	13,092	12,521
Culvert replacement	25,500	-	-	24,252	1,248
Bebbington Lane bridge repair	25,000	-	20,459	20,459	4,541
Senior center generator	18,000	-	-	14,075	3,925
Street lighting	919	-	-	-	919
Tremko house repairs	-	30,000	29,750	29,750	250
<b>Total</b>	<u>\$ 1,773,717</u>	<u>\$ 30,000</u>	<u>\$ 513,054</u>	<u>\$ 1,311,118</u>	<u>\$ 492,599</u>

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE C - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2015, the carrying amount of the Town's cash deposits totaled \$3,987,843. As of June 30, 2015, \$2,596,606 of the Town's bank balance of \$4,112,145 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	2,284,183
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name		<u>312,423</u>
	\$	<u><u>2,596,606</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, 2015 is as follows:

Government-wide statement of net position:		
Cash and cash equivalents	\$	3,883,402
Statement of fiduciary net position:		
Cash and cash equivalents		<u>112,550</u>
		3,995,952
Add: certificates of deposit classified as investments		75,000
Less: investments classified as cash equivalents		<u>(83,109)</u>
Total cash deposits	\$	<u><u>3,987,843</u></u>

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Investments**

As of June 30, 2015, the Town's investments consisted of the following:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
<b>Debt Securities:</b>				
Short-term Investment Fund (STIF)	\$ 55,594	\$ 55,594	\$ -	\$ -
Money market mutual funds	27,515	27,515	-	-
Corporate and foreign bonds	106,648	-	46,068	60,580
U.S. Treasury securities	88,311	-	44,181	44,130
	<u>278,068</u>	<u>\$ 83,109</u>	<u>\$ 90,249</u>	<u>\$ 104,710</u>
<b>Other Investments:</b>				
Mutual funds	126,359			
Equity securities	834,589			
	<u>\$ 1,239,016</u>			

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

A reconciliation of the Town's investments as of June 30, 2015 is as follows:

Government-wide statement of net position:	
Investments	\$ 75,000
Statement of fiduciary net position:	
Investments	<u>1,155,907</u>
	1,230,907
Less: certificates of deposit classified as investments	(75,000)
Add: investments classified as cash equivalents	<u>83,109</u>
	<u>\$ 1,239,016</u>

**Interest Rate Risk**

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

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Investments (Continued)**

**Credit Risk**

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut General Statutes. Connecticut General Statutes permit the Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Town's investments in debt securities were rated by Standard & Poor's as follows at June 30, 2015:

<b>Debt Securities</b>	<b>Fair Value</b>	<b>AAA</b>	<b>A</b>	<b>BBB</b>	<b>Unrated</b>
Short-term Investment Fund (STIF)	\$ 55,594	\$ 55,594	\$ -	\$ -	\$ -
Money market mutual funds	27,515	-	-	-	27,515
Corporate and foreign bonds	106,648	-	43,719	62,929	-
	<u>\$ 189,757</u>	<u>\$ 55,594</u>	<u>\$ 43,719</u>	<u>\$ 62,929</u>	<u>\$ 27,515</u>

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

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

**Concentrations of Credit Risk**

The Town places no limit on the amount of investment in any one issuer. The Town's investments in STIF and in certain equity mutual funds were the only individual holdings which exceeded 5% of the Town's total investments as of June 30, 2015. These investments are not subject to concentration of credit risk disclosures as that are considered to be diversified investments by their nature.

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land and land development rights	\$ 968,756	\$ -	\$ -	\$ 968,756
Construction in progress	<u>-</u>	<u>284,071</u>	<u>-</u>	<u>284,071</u>
Total capital assets, not being depreciated	<u>968,756</u>	<u>284,071</u>	<u>-</u>	<u>1,252,827</u>
Capital assets, being depreciated:				
Buildings and improvements	14,315,753	-	-	14,315,753
Machinery, equipment and vehicles	3,377,003	268,048	(108,099)	3,536,952
Infrastructure	<u>2,455,539</u>	<u>-</u>	<u>-</u>	<u>2,455,539</u>
Total capital assets, being depreciated	<u>20,148,295</u>	<u>268,048</u>	<u>(108,099)</u>	<u>20,308,244</u>
Less accumulated depreciation for:				
Buildings and improvements	3,343,226	183,104	-	3,526,330
Machinery, equipment and vehicles	2,171,263	158,443	(103,163)	2,226,543
Infrastructure	<u>378,357</u>	<u>72,163</u>	<u>-</u>	<u>450,520</u>
Total accumulated depreciation	<u>5,892,846</u>	<u>413,710</u>	<u>(103,163)</u>	<u>6,203,393</u>
Total capital assets, being depreciated, net	<u>14,255,449</u>	<u>(145,662)</u>	<u>(4,936)</u>	<u>14,104,851</u>
Governmental activities capital assets, net	<u>\$ 15,224,205</u>	<u>\$ 138,409</u>	<u>\$ (4,936)</u>	<u>\$ 15,357,678</u>

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

<b>Governmental Activities:</b>	
General government	\$ 72,242
Public safety	30,025
Public works	104,007
Health and welfare	29,551
Library	5,173
Recreation	4,110
Education	<u>168,602</u>
Total depreciation expense - governmental activities	<u>\$ 413,710</u>

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE E - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Other Governmental Funds	\$ 24,614
Capital Nonrecurring Fund	General Fund	937,983
Educational Grants Fund	General Fund	36,002
Other Governmental Funds	General Fund	<u>114,638</u>
		<u>\$ 1,113,237</u>

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

**NOTE F - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2015 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
Capital and Nonrecurring Fund	General Fund	\$ 527,939
Other Governmental Funds	General Fund	<u>110,513</u>
		<u>\$ 638,452</u>

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

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE G - FUND BALANCE**

The various components of fund balance at June 30, 2015 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	-	-	-	1,554,680	-	1,554,680
Donor restrictions	-	-	-	-	6,211	6,211
Committed to:						
Library	16,442	-	-	-	-	16,442
General government	674	-	-	-	43,737	44,411
Capital	-	1,119,088	-	-	-	1,119,088
Education	-	-	-	-	56,693	56,693
Public safety	-	-	-	-	37,987	37,987
Recreation	-	-	-	-	823	823
Assigned to:						
Public works	25,230	-	-	-	-	25,230
Education - carryover	32,187	-	-	-	-	32,187
General government	26,250	-	-	-	-	26,250
Unassigned	1,625,757	-	-	-	-	1,625,757
	<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>

**NOTE H - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bond payable:					
General obligation bond	\$ 2,390,000	\$ -	\$ (235,000)	\$ 2,155,000	\$ 240,000
Unamortized premium	140,398	-	(8,402)	131,996	-
Total bond payable	2,530,398	-	(243,402)	2,286,996	240,000
Other liabilities:					
Capital leases	-	551,730	(109,353)	442,377	109,531
Contract payable	13,092	-	(13,092)	-	-
Compensated absences	37,224	33,346	(35,210)	35,360	7,072
Early retirement incentive	15,000	-	(15,000)	-	-
Net OPEB obligation	-	91,809	-	91,809	-
	<u>\$ 2,595,714</u>	<u>\$ 676,885</u>	<u>\$ (416,057)</u>	<u>\$ 2,856,542</u>	<u>\$ 356,603</u>

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.

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Bond Payable**

A summary of the bond payable outstanding at June 30, 2015 is as follows:

<u>Bond Issue</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>					
General obligation refunding bonds	2013	\$ 2,640,000	2033	2%-4%	\$ 2,155,000

Annual debt service requirements to maturity on the bond payable are as follows as of June 30, 2015:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	
	<u>Bond Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 240,000	\$ 58,800
2017	230,000	54,100
2018	230,000	48,350
2019	225,000	41,525
2020	225,000	33,650
2021-2025	725,000	86,575
2026-2030	165,000	40,100
2031-2033	115,000	7,100
	<u>\$ 2,155,000</u>	<u>\$ 370,200</u>

**Shared Debt**

The Town is contingently liable for its pro-rata share of Regional School District No. 19's (the "District") outstanding bonds. At June 30, 2015, the District's total outstanding bonds were \$6,005,000 of which \$3,133,096 is to be reimbursed by the State of Connecticut. The remaining balance of \$2,871,904 represents the District's net obligation with 19.79%, or \$568,350 representing the Town of Ashford's share. Regional School District No. 19 has no authorized, unissued bonds, for which the Town of Ashford would be contingently liable.

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$67,137,091 as of June 30, 2015. 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, 2015.

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Contract Payable**

The Town had entered into a long-term contract with the Northeastern Connecticut Council of Governments and other local Connecticut municipalities, in connection with revaluation services. Contractual payments totaled \$13,092 during fiscal year 2015. The contract expired during the year ended June 30, 2015 and no formal contract for future services to be provided for revaluation services has been executed.

**Capital Leases**

A summary of assets under capital leases is as follows as of June 30, 2015:

Equipment	\$	438,752
Less: accumulated amortization		<u>7,600</u>
		<u>\$ 431,152</u>

Included in equipment above is \$284,071 relating to the purchase of a fire truck, which had not been delivered to the Town as of June 30, 2015. Costs incurred through June 30, 2015 have been presented as construction in progress in the accompanying statement of net position. Proceeds recognized under this lease arrangement during the year ended June 30, 2015 totaled \$371,113. Of this amount, \$87,042 is being held in escrow by the Town to be paid to the vendor upon receipt of the fire truck.

Amortization expense relative to leased property under capital leases totaled \$7,600 for the year ended June 30, 2015 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, 2015 are as follows:

Year ending June 30:		
2016	\$	116,923
2017		116,333
2017		115,742
2018		<u>110,999</u>
Total minimum lease payments		459,997
Less: amount representing interest		<u>17,620</u>
Present value of minimum lease payments		<u>\$ 442,377</u>

**Early Retirement Incentive**

Board of Education retirement obligations disbursed in the amount of \$15,000 represented payments owed to retired employees under terms of an Early Retirement Incentive Program initiated in 2014. The remaining balance owed at the end of 2014 represented the total of future payments due to retirees who had accepted the terms of the Early Retirement Incentive Program.

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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**NOTE I - RETIREMENT PLANS**

**Connecticut State Teachers' Retirement System**

The faculty and professional personnel of the Town's Board of Education participate in the 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.

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 one hundred percent 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, 2015, plan members of the Town contributed \$206,006 to the plan and covered payroll for the year was \$2,841,462. The Town has recognized on-behalf payments of \$727,414 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, 2014 was \$10.141 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$7.6 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 in the June 30, 2014 actuarial valuation 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.

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

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

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. 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>
Large Cap U.S. Equities	21.0%	7.3 %
Developed Non-U.S. Equities	18.0	7.5
Emerging Markets (Non-U.S.)	9.0	8.6
Real Estate	7.0	5.9
Private Equity	11.0	10.9
Alternative Investment	8.0	0.7
Fixed Income (Core)	7.0	1.7
Inflation Linked Bonds	3.0	1.3
Other	16.0	4.4

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:

	<u>1.00% Decrease</u>	<u>Current Rate</u>	<u>1.00% Increase</u>
Town's proportionate share of the net pension liability	\$9.7 million	\$7.6 million	\$5.8 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, 2015

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**NOTE I - RETIREMENT PLANS**

**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 \$64,886 for the year ended June 30, 2015.

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

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

**Plan Description**

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

**Funding Policy**

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

**TOWN OF ASHFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - 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		2,417
Adjustment to annual required contribution		<u>(2,828)</u>
Annual OPEB cost (expense)		52,589
Contributions made		<u>21,200</u>
Change in net OPEB obligation		31,389
Adjustment for prior year unfunded costs		60,420
Net OPEB obligation, beginning of year		-
Net OPEB obligation, end of year	\$	<u><u>91,809</u></u>

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
2015	\$ (7,831)	-271%	\$ 91,809
2014	33,521	40%	-
2013	33,658	40%	-

**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) - Entry Age Normal Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 452,000	\$ 452,000	0%	\$ 2,584,916	17.5%

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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

**Funded Status and Funding Progress**

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, open
Remaining amortization period:	7 years
Asset valuation method:	N/A
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	2.50%
Healthcare cost trend rate	10.00% (Initial)
	5.00% (Final)

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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**NOTE K - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools. During 2015, 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.

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 L - COMMITMENTS AND CONTINGENCIES**

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

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

**NOTE M - RECENTLY ISSUED ACCOUNTING STANDARDS**

Effective July 1, 2014, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The adoption of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2014, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The adoption of this statement resulted in additional disclosures relating to the Town's participation in the Connecticut State Teachers' Retirement System (see Note I).

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for a) determining a fair value measurement for financial reporting purposes and b) applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued 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*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of GASB Statement No. 68. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68 are effective for the Town's reporting period beginning July 1, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for the Town's reporting period beginning July 1, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement No. 67, or for pensions that are within the scope of GASB Statement No. 68, are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

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.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments and supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. 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)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Fiscal Year	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Unfunded AAL (UAAL) B-A	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
<b>Other Post-Employment Benefit Plan*</b>							
July 1, 2008	2009	\$ -	\$ 270,629	\$ 270,629	0.0%	\$ 2,116,654	12.8%
July 1, 2011	2014	-	116,856	116,856	0.0%	2,319,181	5.0%
July 1, 2014	2015	-	452,000	452,000	0.0%	2,584,916	17.5%

\* - The Town is required to obtain 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 Fiscal Year  
 (Dollar amounts in thousands)

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

**Notes to Schedule:**

<b>Valuation Date</b>	6/30/2014
<b>Measurement Date</b>	6/30/2014
<b>Reporting Date</b>	6/30/2015

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.50%
Salary increases	3.75% - 7.00%, including inflation
Inflation	3.00%

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

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, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>PROPERTY TAXES</b>				
Current year tax collections	\$ 9,310,795	\$ 9,310,795	\$ 9,290,357	\$ (20,438)
Prior year tax collections	75,000	75,000	114,148	39,148
Tax interest and liens	40,000	40,000	64,625	24,625
Motor vehicle supplement	58,000	58,000	102,807	44,807
Miscellaneous	150	150	156	6
<b>TOTAL PROPERTY TAXES</b>	<b>9,483,945</b>	<b>9,483,945</b>	<b>9,572,093</b>	<b>88,148</b>
<b>INTERGOVERNMENTAL REVENUES</b>				
Education cost sharing assistance	3,933,350	3,933,350	3,935,453	2,103
Special education	-	-	30,945	30,945
Town aid road grant	145,251	145,251	146,572	1,321
Transportation	61,755	61,755	40,862	(20,893)
Mohegan-Pequot grant	21,107	21,107	24,198	3,091
Tax relief for the elderly	18,000	18,000	20,400	2,400
Payment in lieu of taxes - AHA	10,000	10,000	10,000	-
Payment in lieu of taxes	5,092	5,092	6,171	1,079
Tax relief for veteran exemptions	1,400	1,400	1,467	67
Tax relief for disability exemptions	1,000	1,000	1,123	123
Aircraft reimbursement	180	180	180	-
FEMA reimbursement	-	-	23,295	23,295
Miscellaneous grants	-	-	14,080	14,080
<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b>4,197,135</b>	<b>4,197,135</b>	<b>4,254,746</b>	<b>57,611</b>
<b>CHARGES FOR SERVICES</b>				
Building licenses and permits	38,000	38,000	31,436	(6,564)
Conveyance tax	13,000	13,000	23,590	10,590
Recording fees	16,000	16,000	19,054	3,054
Newsletters	12,000	12,000	10,652	(1,348)
Open space recapture tax	500	500	2,248	1,748
BOE - bus garage usage	6,000	6,000	6,000	-
Copies of records	4,400	4,400	4,493	93
Miscellaneous	3,000	3,000	3,275	275
Zoning permits	1,200	1,200	403	(797)
Dog licenses	500	500	564	64
Wetlands permits	500	500	310	(190)
Recycling and transfer station	500	500	1,365	865
Hunting and fishing licenses	150	150	136	(14)
Marriage licenses	25	25	209	184
P&Z - reimbursements for services	3,000	3,000	-	(3,000)
P&Z miscellaneous	50	50	-	(50)
<b>TOTAL CHARGES FOR SERVICES</b>	<b>98,825</b>	<b>98,825</b>	<b>103,735</b>	<b>4,910</b>
<b>INVESTMENT INCOME</b>	<b>15,000</b>	<b>15,000</b>	<b>16,863</b>	<b>1,863</b>
<b>OTHER REVENUES</b>				
Miscellaneous	10,000	10,000	7,405	(2,595)
Donations - 300th Anniversary	-	-	14,606	14,606
Telephone access line	9,462	9,462	9,048	(414)
Level 3 Communications, LLC	7,973	7,973	4,564	(3,409)
<b>TOTAL OTHER REVENUES</b>	<b>27,435</b>	<b>27,435</b>	<b>35,623</b>	<b>8,188</b>
<b>TOTAL REVENUES</b>	<b>13,822,340</b>	<b>13,822,340</b>	<b>13,983,060</b>	<b>160,720</b>
<b>OTHER FINANCING SOURCES</b>				
Use of undesignated fund balance	-	594,865	-	(594,865)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 13,822,340</b>	<b>\$ 14,417,205</b>	<b>\$ 13,983,060</b>	<b>\$ (434,145)</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, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Board of Selectmen:				
Salaries and wages	\$ 129,179	\$ 131,960	\$ 131,342	\$ (618)
Purchased services	16,960	23,960	23,649	(311)
Supplies and materials	650	650	595	(55)
Other	510	510	346	(164)
300th Anniversary expenses	-	-	27,181	27,181
Total Board of Selectmen	<u>147,299</u>	<u>157,080</u>	<u>183,113</u>	<u>26,033</u>
Town Council:				
Professional and tech services	<u>47,500</u>	<u>33,500</u>	<u>24,827</u>	<u>(8,673)</u>
Data Processing and Contracted Services	<u>20,000</u>	<u>20,000</u>	<u>18,579</u>	<u>(1,421)</u>
Knowlton Hall Operations and Maintenance:				
Property services	14,790	14,790	10,482	(4,308)
Purchased services	4,350	4,350	4,438	88
Supplies and materials	10,250	10,250	12,387	2,137
Total Knowlton Hall Operations and Maintenance	<u>29,390</u>	<u>29,390</u>	<u>27,307</u>	<u>(2,083)</u>
Town Hall Operations and Maintenance:				
Property services	25,000	25,000	22,834	(2,166)
Purchased services	23,000	23,000	18,845	(4,155)
Supplies and materials	10,000	10,000	14,127	4,127
Total Town Hall Operations and Maintenance	<u>58,000</u>	<u>58,000</u>	<u>55,806</u>	<u>(2,194)</u>
Town Property Operations/Maintenance:				
Salaries and wages	5,000	5,000	6,570	1,570
Property services	12,325	14,922	14,412	(510)
Purchased services	4,000	4,000	1,747	(2,253)
Supplies and materials	1,000	1,000	1,455	455
Total Town Property Operations/Maintenance:	<u>22,325</u>	<u>24,922</u>	<u>24,184</u>	<u>(738)</u>
Earl Smith Senior Center:				
Salaries and wages	28,544	29,334	32,587	3,253
Property services	10,500	12,000	9,577	(2,423)
Purchased services	7,945	7,945	5,142	(2,803)
Supplies and materials	8,800	8,800	10,243	1,443
Equipment	200	200	422	222
Total Earl Smith Senior Center	<u>55,989</u>	<u>58,279</u>	<u>57,971</u>	<u>(308)</u>
Board of Finance:				
Salaries and wages	1,330	1,330	1,425	95
Professional and tech services	25,010	25,010	21,250	(3,760)
Purchased services	1,350	1,350	260	(1,090)
Supplies and materials	375	375	51	(324)
Total Board of Finance	<u>28,065</u>	<u>28,065</u>	<u>22,986</u>	<u>(5,079)</u>

*(Continued)*

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>GENERAL GOVERNMENT (Continued)</b>				
Assessors Office:				
Salaries and wages	\$ 53,771	\$ 55,181	\$ 52,681	\$ (2,500)
Purchased services	16,195	16,195	14,419	(1,776)
Supplies and materials	1,050	1,050	1,169	119
Total Assessors Office	<u>71,016</u>	<u>72,426</u>	<u>68,269</u>	<u>(4,157)</u>
Board of Assessment Appeals:				
Salaries and wages	780	780	777	(3)
Purchased services	225	225	51	(174)
Total Board of Assessment Appeals	<u>1,005</u>	<u>1,005</u>	<u>828</u>	<u>(177)</u>
Tax Collector:				
Salaries and wages	47,706	48,995	48,488	(507)
Property services	415	415	-	(415)
Purchased services	12,720	12,720	12,246	(474)
Supplies and materials	1,450	1,450	1,450	-
Other	1,300	1,300	1,299	(1)
Total Tax Collector	<u>63,591</u>	<u>64,880</u>	<u>63,483</u>	<u>(1,397)</u>
Finance Department:				
Salaries and wages	83,765	86,047	87,265	1,218
Professional and tech services	14,600	29,340	26,013	(3,327)
Purchased services	6,108	6,108	6,802	694
Supplies and materials	2,365	2,365	2,558	193
Total Finance Department	<u>106,838</u>	<u>123,860</u>	<u>122,638</u>	<u>(1,222)</u>
Town Clerk:				
Salaries and wages	81,953	84,227	83,865	(362)
Property services	2,750	2,750	2,472	(278)
Purchased services	25,132	25,132	20,164	(4,968)
Supplies and materials	4,925	4,925	4,832	(93)
Total Town Clerk	<u>114,760</u>	<u>117,034</u>	<u>111,333</u>	<u>(5,701)</u>
Town Election Expense:				
Salaries and wages	22,278	22,278	18,732	(3,546)
Professional and tech services	3,100	3,100	3,340	240
Purchased services	2,745	2,745	1,981	(764)
Supplies and materials	3,608	3,608	3,060	(548)
Total Town Election Expense	<u>31,731</u>	<u>31,731</u>	<u>27,113</u>	<u>(4,618)</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>797,509</u>	<u>820,172</u>	<u>808,437</u>	<u>(11,735)</u>

*(Continued)*

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>PUBLIC SAFETY</b>				
Emergency Services:				
Salaries and wages	\$ 13,308	\$ 13,674	\$ 13,674	\$ -
Professional and tech services	200	200	-	(200)
Property services	2,075	2,075	625	(1,450)
Purchased services	10,660	10,660	10,474	(186)
Supplies and materials	100	100	-	(100)
Equipment	20	20	-	(20)
<b>TOTAL PUBLIC SAFETY</b>	<b>26,363</b>	<b>26,729</b>	<b>24,773</b>	<b>(1,956)</b>
<b>PUBLIC WORKS</b>				
Public Works Administration:				
Salaries and wages	330,434	343,109	344,111	1,002
Purchased services	4,400	4,400	3,087	(1,313)
<b>Total Public Works Administration</b>	<b>334,834</b>	<b>347,509</b>	<b>347,198</b>	<b>(311)</b>
Roads and Bridges:				
Property services	10,000	10,000	7,021	(2,979)
Supplies and materials	129,000	148,999	140,791	(8,208)
<b>Total Roads and Bridges</b>	<b>139,000</b>	<b>158,999</b>	<b>147,812</b>	<b>(11,187)</b>
Building, Maintenance and Repair:				
Property services	13,100	13,100	12,765	(335)
Purchased services	3,850	3,850	3,314	(536)
Supplies and materials	10,000	10,000	10,829	829
<b>Total Building, Maintenance and Repair</b>	<b>26,950</b>	<b>26,950</b>	<b>26,908</b>	<b>(42)</b>
Maintenance of Equipment:				
Property services	9,750	9,750	10,264	514
Supplies and materials	72,000	87,400	94,261	6,861
<b>Total Maintenance of Equipment</b>	<b>81,750</b>	<b>97,150</b>	<b>104,525</b>	<b>7,375</b>
Recycling Center:				
Salaries and wages	52,328	54,658	58,348	3,690
Professional and tech services	1,500	1,500	1,879	379
Property services	172,000	164,075	160,072	(4,003)
Purchased services	650	650	408	(242)
Supplies and materials	1,000	1,000	401	(599)
Other	850	850	800	(50)
<b>Total Recycling Center</b>	<b>228,328</b>	<b>222,733</b>	<b>221,908</b>	<b>(825)</b>
<b>TOTAL PUBLIC WORKS</b>	<b>810,862</b>	<b>853,341</b>	<b>848,351</b>	<b>(4,990)</b>
<b>HEALTH &amp; WELFARE</b>				
Ashford Historical Society	460	460	-	(460)
Agent for the Elderly	1,485	1,485	1,484	(1)
Commission on Aging	700	700	696	(4)
Contributions to Other Agencies	251,907	251,907	251,846	(61)
<b>TOTAL HEALTH &amp; WELFARE</b>	<b>254,552</b>	<b>254,552</b>	<b>254,026</b>	<b>(526)</b>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PLANNING AND DEVELOPMENT				
Planning and Zoning:				
Salaries and wages	17,809	18,274	18,049	(225)
Professional and tech services	2,200	2,200	660	(1,540)
Purchased services	1,100	1,100	258	(842)
Supplies and materials	1,650	1,650	1,066	(584)
Total Planning and Zoning	<u>22,759</u>	<u>23,224</u>	<u>20,033</u>	<u>(3,191)</u>
Zoning Board of Appeals:				
Purchased services	1,230	1,230	-	(1,230)
Inland Wetlands:				
Salaries and wages	9,855	10,101	10,026	(75)
Professional and tech services	9,000	9,000	7,315	(1,685)
Purchased services	1,200	1,200	787	(413)
Supplies and materials	700	700	46	(654)
Total Inland Wetlands	<u>20,755</u>	<u>21,001</u>	<u>18,174</u>	<u>(2,827)</u>
Conservation Commission:				
Purchased services	250	250	105	(145)
Supplies and materials	1,650	1,650	1,482	(168)
Total Conservation Commission	<u>1,900</u>	<u>1,900</u>	<u>1,587</u>	<u>(313)</u>
Building Department:				
Salaries and wages	67,386	69,184	67,165	(2,019)
Professional and tech services	600	600	600	-
Purchased services	3,025	3,025	2,149	(876)
Supplies and materials	1,500	1,500	1,131	(369)
Other	1,000	1,000	846	(154)
Total Building Department	<u>73,511</u>	<u>75,309</u>	<u>71,891</u>	<u>(3,418)</u>
Economic Development:				
Professional and tech services	1,200	1,200	1,020	(180)
Purchased services	350	350	452	102
Supplies and materials	400	400	215	(185)
Total Economic Development	<u>1,950</u>	<u>1,950</u>	<u>1,687</u>	<u>(263)</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	8,508	8,508	8,288	(220)
Supplies and materials	2,300	2,300	1,000	(1,300)
Total Sexton	<u>13,208</u>	<u>13,208</u>	<u>11,688</u>	<u>(1,520)</u>
TOTAL PLANNING AND DEVELOPMENT	<u>135,363</u>	<u>137,872</u>	<u>125,060</u>	<u>(12,812)</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>EDUCATION</b>				
Ashford Board of Education:				
Certified staff	2,939,556	2,939,556	2,819,547	(120,009)
Non-Certified staff	1,392,725	1,392,725	1,374,337	(18,388)
Insurance	1,209,191	1,209,191	1,083,642	(125,549)
Payroll taxes and benefits	332,631	332,631	311,366	(21,265)
Instructional improvement	36,750	36,750	40,649	3,899
Professional services	256,100	256,100	199,015	(57,085)
Utilities	78,000	78,000	61,305	(16,695)
Maintenance	91,760	91,760	117,644	25,884
Equipment maintenance	3,600	3,600	1,821	(1,779)
Other insurances	35,390	35,390	44,965	9,575
Transportation	69,908	69,908	51,792	(18,116)
Communication	11,500	11,500	13,191	1,691
Outside services	350,700	350,700	391,360	40,660
Purchased services	50,672	50,672	42,837	(7,835)
Supplies	133,984	133,984	162,754	28,770
Fuel	160,151	160,151	152,125	(8,026)
Textbooks	11,965	11,965	17,648	5,683
Library books	3,566	3,566	728	(2,838)
Equipment	66,263	66,263	316,329	250,066
Dues & fees	22,624	22,624	36,590	13,966
Miscellaneous	31,000	31,000	-	(31,000)
Total Ashford Board of Education	<u>7,288,036</u>	<u>7,288,036</u>	<u>7,239,645</u>	<u>(48,391)</u>
Regional School District No. 19	3,523,961	3,523,962	3,523,962	-
<b>TOTAL EDUCATION</b>	<u><u>10,811,997</u></u>	<u><u>10,811,998</u></u>	<u><u>10,763,607</u></u>	<u><u>(48,391)</u></u>
<b>OTHER</b>				
Employee Benefits	379,106	356,825	327,805	(29,020)
Insurance	30,000	19,002	18,000	(1,002)
<b>TOTAL OTHER</b>	<u>409,106</u>	<u>375,827</u>	<u>345,805</u>	<u>(30,022)</u>
<b>DEBT SERVICE</b>				
Principal	235,000	235,000	235,000	-
Interest	63,550	63,550	63,550	-
<b>TOTAL DEBT SERVICE</b>	<u>298,550</u>	<u>298,550</u>	<u>298,550</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u><u>13,544,302</u></u>	<u><u>13,579,041</u></u>	<u><u>13,468,609</u></u>	<u><u>(110,432)</u></u>
<b>OTHER FINANCING USES</b>				
Transfers out:				
Animal Fund	17,550	17,550	17,550	-
Babcock Library Fund	173,711	173,711	173,711	-
Recreation Fund	58,753	58,753	58,753	-
Youth Services Fund	28,024	28,024	28,024	-
Other Financing Uses	-	527,939	527,939	-
Education - carryover	-	32,187	-	(32,187)
<b>TOTAL OTHER FINANCING USES</b>	<u>278,038</u>	<u>838,164</u>	<u>805,977</u>	<u>(32,187)</u>
<b>TOTAL EXPENDITURES AND     OTHER FINANCING USES</b>	<u><u>\$ 13,822,340</u></u>	<u><u>\$ 14,417,205</u></u>	<u><u>\$ 14,274,586</u></u>	<u><u>\$ (142,619)</u></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, 2015**

Grand List Year	Balance Uncollected June 30, 2014	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2015
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
1998	\$ 5,994	\$ -	\$ -	\$ 5,994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1999	6,044	-	5	-	-	6,049	221	573	794	5,828
2000	7,197	-	-	-	-	7,197	115	282	397	7,082
2001	12,504	-	-	-	-	12,504	51	116	167	12,453
2002	37,910	-	-	-	-	37,910	38	80	118	37,872
2003	32,121	-	-	-	-	32,121	-	-	-	32,121
2004	30,787	-	15	-	-	30,802	121	214	335	30,681
2005	33,577	-	-	-	-	33,577	114	184	298	33,463
2006	35,149	-	-	-	-	35,149	656	916	1,572	34,493
2007	37,193	-	-	-	-	37,193	453	600	1,053	36,740
2008	37,187	-	38	-	-	37,225	25	23	48	37,200
2009	39,264	-	15	-	-	39,279	258	222	480	39,021
2010	44,414	-	24	-	-	44,438	5,687	969	6,656	38,751
2011	80,618	-	-	175	-	80,443	16,817	7,597	24,414	63,626
2012	183,107	-	1,061	645	3,223	180,300	89,454	22,570	112,024	90,846
Total prior years	623,066	-	1,158	6,814	3,223	614,187	114,010	34,346	148,356	500,177
2013	-	9,591,686	-	-	-	9,591,686	9,391,615	29,519	9,421,134	200,071
<b>Total</b>	<b>\$ 623,066</b>	<b>\$ 9,591,686</b>	<b>\$ 1,158</b>	<b>\$ 6,814</b>	<b>\$ 3,223</b>	<b>\$ 10,205,873</b>	<b>\$ 9,505,625</b>	<b>\$ 63,865</b>	<b>\$ 9,569,490</b>	<b>\$ 700,248</b>

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, 2015**

Total cash collections for the year ended  
June 30, 2015:

Taxes	\$ 9,505,625
Interest and lien fees	<u>63,865</u>
Total	<u>9,569,490</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	<u>21,523</u>
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Base \$ 9,591,013

	<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	\$ 21,579,779	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	43,159,559	-	-	-
3-3/4 times base	-	-	35,966,299	-	-
3-1/4 times base	-	-	-	31,170,792	-
3 times base	-	-	-	-	28,773,039
Total debt limitation	<u>21,579,779</u>	<u>43,159,559</u>	<u>35,966,299</u>	<u>31,170,792</u>	<u>28,773,039</u>
Indebtedness:					
Bonds payable	2,155,000	-	-	-	-
Bonds payable, net - Regional School District No. 19	<u>-</u>	<u>568,350</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>2,155,000</u>	<u>568,350</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 19,424,779</u>	<u>\$ 42,591,209</u>	<u>\$ 35,966,299</u>	<u>\$ 31,170,792</u>	<u>\$ 28,773,039</u>
Total capacity of borrowing (7 times base)	\$ 67,137,091				
Total present indebtedness	<u>2,723,350</u>				
Margin for additional borrowing	<u>\$ 64,413,741</u>				

*See accompanying Independent Auditor's Report.*

Nonmajor  
Governmental  
Funds

**TOWN OF ASHFORD, CONNECTICUT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	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	\$ -	\$ 23,394	\$ 17,785	\$ -	\$ -	\$ -	\$ -	\$ 41,179
Investments	-	-	-	-	-	-	-	-
Grants and contracts receivable	-	15,938	-	-	-	-	-	15,938
Due from other funds	41,637	-	-	9,931	33,483	23,361	6,226	114,638
Total assets	<u>\$ 41,637</u>	<u>\$ 39,332</u>	<u>\$ 17,785</u>	<u>\$ 9,931</u>	<u>\$ 33,483</u>	<u>\$ 23,361</u>	<u>\$ 6,226</u>	<u>\$ 171,755</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 3,214	\$ 1,425	\$ -	\$ 4,358	\$ 270	\$ -	\$ -	\$ 9,267
Salaries and benefits payable	436	-	-	1,750	-	-	-	2,186
Due to other funds	-	11,904	3,635	-	-	-	-	15,539
Unearned revenue	-	2,523	-	3,000	-	-	-	5,523
Total liabilities	<u>3,650</u>	<u>15,852</u>	<u>3,635</u>	<u>9,108</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>32,515</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	37,987	23,480	14,150	823	33,213	23,361	6,226	139,240
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 41,637</u>	<u>\$ 39,332</u>	<u>\$ 17,785</u>	<u>\$ 9,931</u>	<u>\$ 33,483</u>	<u>\$ 23,361</u>	<u>\$ 6,226</u>	<u>\$ 171,755</u>

(Continued)

See accompanying Independent Auditor's Report.

**TOWN OF ASHFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Concluded)**  
**JUNE 30, 2015**

	Permanent Funds			Total Nonmajor Governmental Funds
	Band and Library Fund	Cemetery Fund	Total Permanent Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,282	\$ 15,004	\$ 21,286	\$ 62,465
Investments	-	75,000	75,000	75,000
Grants and contracts receivable	-	-	-	15,938
Due from other funds	-	-	-	114,638
Total assets	<u>\$ 6,282</u>	<u>\$ 90,004</u>	<u>\$ 96,286</u>	<u>\$ 268,041</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 9,267
Salaries and benefits payable	-	-	-	2,186
Due to other funds	-	9,075	9,075	24,614
Unearned revenue	-	-	-	5,523
Total liabilities	<u>-</u>	<u>9,075</u>	<u>9,075</u>	<u>41,590</u>
<b>FUND BALANCES</b>				
Nonspendable	6,000	75,000	81,000	81,000
Restricted	282	5,929	6,211	6,211
Committed	-	-	-	139,240
Total fund balances	<u>6,282</u>	<u>80,929</u>	<u>87,211</u>	<u>226,451</u>
Total liabilities and fund balances	<u>\$ 6,282</u>	<u>\$ 90,004</u>	<u>\$ 96,286</u>	<u>\$ 268,041</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, 2015

	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	\$ -	\$ 96,740	\$ 5,000	\$ -	\$ 17,259	\$ -	\$ -	\$ 118,999
Charges for services	5,009	78,811	1,887	34,196	6,861	1,521	300	128,585
Investment earnings	-	-	36	-	-	-	-	36
Miscellaneous	-	-	-	110	-	-	-	110
Total revenues	<u>5,009</u>	<u>175,551</u>	<u>6,923</u>	<u>34,306</u>	<u>24,120</u>	<u>1,521</u>	<u>300</u>	<u>247,730</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	5,000	-	-	-	260	5,260
Public safety	27,828	-	-	-	-	-	-	27,828
Education	-	173,036	-	-	50,463	-	-	223,499
Recreation	-	-	-	95,292	-	-	-	95,292
Total expenditures	<u>27,828</u>	<u>173,036</u>	<u>5,000</u>	<u>95,292</u>	<u>50,463</u>	<u>-</u>	<u>260</u>	<u>351,879</u>
Excess (deficiency) of revenues over expenditures	(22,819)	2,515	1,923	(60,986)	(26,343)	1,521	40	(104,149)
<b>OTHER FINANCING SOURCES</b>								
Transfers in	17,550	-	-	58,753	28,024	-	6,186	110,513
Total other financing sources	<u>17,550</u>	<u>-</u>	<u>-</u>	<u>58,753</u>	<u>28,024</u>	<u>-</u>	<u>6,186</u>	<u>110,513</u>
Net change in fund balances	(5,269)	2,515	1,923	(2,233)	1,681	1,521	6,226	6,364
Fund balances - beginning	43,256	20,965	12,227	3,056	31,532	21,840	-	132,876
Fund balances - ending	<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>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF ASHFORD, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*  
 FOR THE YEAR ENDED JUNE 30, 2015

	Permanent Funds			Total Nonmajor Governmental Funds
	Band and Library Fund	Cemetery Fund	Total Permanent Funds	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 118,999
Charges for services	-	1,500	1,500	130,085
Investment earnings	12	204	216	252
Miscellaneous	-	-	-	110
Total revenues	<u>12</u>	<u>1,704</u>	<u>1,716</u>	<u>249,446</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	2,200	2,200	7,460
Public safety	-	-	-	27,828
Education	-	-	-	223,499
Recreation	-	-	-	95,292
Total expenditures	<u>-</u>	<u>2,200</u>	<u>2,200</u>	<u>354,079</u>
Excess (deficiency) of revenues over expenditures	12	(496)	(484)	(104,633)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	110,513
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,513</u>
Net change in fund balances	12	(496)	(484)	5,880
Fund balances - beginning	<u>6,270</u>	<u>81,425</u>	<u>87,695</u>	<u>220,571</u>
Fund balances - ending	<u>\$ 6,282</u>	<u>\$ 80,929</u>	<u>\$ 87,211</u>	<u>\$ 226,451</u>

*See accompanying Independent Auditor's Report.*

# Fiduciary Funds

**TOWN OF ASHFORD, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2015**

	<u>School Activity Fund</u>	<u>Babcock Cornet Band Fund</u>	<u>Babcock Fund</u>	<u>Contractor Bond Fund</u>	<u>Ashford Food Bank Fund</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 14,780	\$ 15,599	\$ 2,466	\$ 16,788	\$ 868	\$ 50,501
Receivables	6,950	200	-	-	-	7,150
Total assets	<u>\$ 21,730</u>	<u>\$ 15,799</u>	<u>\$ 2,466</u>	<u>\$ 16,788</u>	<u>\$ 868</u>	<u>\$ 57,651</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 400	\$ -	\$ -	\$ 3,000	\$ 258	\$ 3,658
Due to others	21,330	15,799	2,466	13,788	610	53,993
Total liabilities	<u>\$ 21,730</u>	<u>\$ 15,799</u>	<u>\$ 2,466</u>	<u>\$ 16,788</u>	<u>\$ 868</u>	<u>\$ 57,651</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, 2015**

	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2015</u>
<b>Student Activity Fund</b>				
Assets				
Cash and cash equivalents	\$ 8,352	\$ 37,185	\$ 30,757	\$ 14,780
Receivables	11,507	6,975	11,532	6,950
Total assets	<u>\$ 19,859</u>	<u>\$ 44,160</u>	<u>\$ 42,289</u>	<u>\$ 21,730</u>
Liabilities				
Accounts payable	\$ 196	\$ 1,185	\$ 981	\$ 400
Due to others	19,663	42,975	41,308	21,330
Total liabilities	<u>\$ 19,859</u>	<u>\$ 44,160</u>	<u>\$ 42,289</u>	<u>\$ 21,730</u>
<b>Babcock Cornet Band Fund</b>				
Assets				
Cash and cash equivalents	\$ 15,568	\$ 31	\$ -	\$ 15,599
Receivables	-	200	-	200
Total assets	<u>\$ 15,568</u>	<u>\$ 231</u>	<u>\$ -</u>	<u>\$ 15,799</u>
Liabilities				
Due to others	\$ 15,568	\$ 231	\$ -	\$ 15,799
Total liabilities	<u>\$ 15,568</u>	<u>\$ 231</u>	<u>\$ -</u>	<u>\$ 15,799</u>
<b>Babcock Fund</b>				
Assets				
Cash and cash equivalents	\$ 2,461	\$ 5	\$ -	\$ 2,466
Total assets	<u>\$ 2,461</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 2,466</u>
Liabilities				
Due to others	\$ 2,461	\$ 5	\$ -	\$ 2,466
Total liabilities	<u>\$ 2,461</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 2,466</u>

*(Continued)*

**TOWN OF ASHFORD, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (Concluded)**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2015</u>
<b>Contractor Bond Fund</b>				
Assets				
Cash and cash equivalents	\$ 16,754	\$ 1,034	\$ 1,000	\$ 16,788
Total assets	<u>\$ 16,754</u>	<u>\$ 1,034</u>	<u>\$ 1,000</u>	<u>\$ 16,788</u>
Liabilities				
Accounts Payable	\$ 2,000	\$ 1,000	\$ -	\$ 3,000
Due to others	14,754	34	1,000	13,788
Total liabilities	<u>\$ 16,754</u>	<u>\$ 1,034</u>	<u>\$ 1,000</u>	<u>\$ 16,788</u>
<b>Ashford Food Bank Fund</b>				
Assets				
Cash and cash equivalents	\$ 866	\$ 2	\$ -	\$ 868
Total assets	<u>\$ 866</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 868</u>
Liabilities				
Accounts Payable	\$ 258	\$ -	\$ -	\$ 258
Due to others	608	2	-	610
Total liabilities	<u>\$ 866</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 868</u>
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 44,001	\$ 38,257	\$ 31,757	\$ 50,501
Receivables	11,507	7,175	11,532	7,150
Total assets	<u>\$ 55,508</u>	<u>\$ 45,432</u>	<u>\$ 43,289</u>	<u>\$ 57,651</u>
Liabilities				
Accounts payable	\$ 2,454	\$ 2,185	\$ 981	\$ 3,658
Due to others	53,054	43,247	42,308	53,993
Total liabilities	<u>\$ 55,508</u>	<u>\$ 45,432</u>	<u>\$ 43,289</u>	<u>\$ 57,651</u>

See accompanying Independent Auditor's Report.

**TOWN OF ASHFORD, CONNECTICUT**

**FEDERAL AND STATE  
SINGLE AUDIT REPORTS**

**JUNE 30, 2015**

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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, 2015, 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 8, 2015.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Mahoney Sabol + Company, LLP".

Glastonbury, Connecticut  
December 8, 2015

Federal Single  
Audit Section

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

To the Board of Finance  
Town of Ashford, Connecticut

**Report on Compliance for Each Major Program**

We have audited the Town of Ashford, Connecticut's (the "Town") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2015. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

*Management's Responsibility*

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

*Auditor's Responsibility*

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

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

*Opinion on Each Major Federal Program*

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## **Report on Internal Control Over Compliance**

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

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

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

### **Purpose of this Report**

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

### **Report on Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon, dated December 8, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Glastonbury, Connecticut  
December 8, 2015

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Grantor; Pass-Through Grantor; Program Title	Grant Number	Federal CFDA Number	Fiscal Year Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Passed through the State of Connecticut Department of Administrative Services:</b>			
National School Lunch Program - Commodities	-	10.555	\$ 6,359
<b>Passed through the State of Connecticut Department of Education:</b>			
National School Lunch Program	12060-SDE64370-20560	10.555	63,026
National School Breakfast Program	12060-SDE64370-20508	10.553	17,779
Special Milk Program for Children	12060-SDE64370-20500	10.556	386
<b>Total U.S. Department of Agriculture</b>			<u>87,550</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Passed through State of Connecticut Department of Housing:</b>			
Small Cities Community Development Block Grant	12060-DOH46930-20730	14.228	<u>273,424</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Direct:</b>			
Rural Education - 2015	-	84.358	40,238
Rural Education - 2014	-	84.358	103
			<u>40,341</u>
<b>Passed through the State of Connecticut Department of Education:</b>			
Special Education - Grants - 2015	12060-SDE64370-20977	84.027	105,619
Special Education - Preschool Grants - 2015	12060-SDE64370-20983	84.173	6,953
Title I - Improving Basic Programs - 2015	12060-SDE64370-20679	84.010	42,913
Title II - Improving Teacher Quality State Grants - 2015	12060-SDE64370-20858	84.367	9,420
Title II - Improving Teacher Quality State Grants - 2014	12060-SDE64370-20858	84.367	7,659
			<u>172,564</u>
<b>Passed through EASTCONN:</b>			
Title III - English Language Acquisition	-	84.365	789
<b>Total U.S. Department of Education</b>			<u>213,694</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Passed through State of Connecticut Department of Public Safety:</b>			
Emergency Management Performance Grant	12060-DPS32160-21881	97.042	713
Disaster Grants - Public Assistance	12060-DPS32990-21891	97.036	23,295
<b>Total U.S. Department of Homeland Security</b>			<u>24,008</u>
<b>NATIONAL ENDOWMENT FOR THE ARTS</b>			
<b>Passed through State of Connecticut Department of Economic and Community Development:</b>			
Promotion of the Arts - Partnership Agreements	12060-ECD46820-20328	45.025	1,463
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u>\$ 600,139</u>

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

**TOWN OF ASHFORD, CONNECTICUT**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

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**NOTE A - ACCOUNTING BASIS**

**BASIC FINANCIAL STATEMENTS**

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

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

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

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

**NOTE B - OTHER FEDERAL ASSISTANCE**

The United States Department of Agriculture makes available commodities for donations to schools. An amount of \$6,359 is reflected in the expenditures column in the accompanying schedule of expenditures of federal awards and represents the market value of such commodities received during the period.

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

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

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

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

**Federal Awards**

Internal control over major programs:

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

    ○ Significant deficiency(ies) identified? \_\_\_\_\_ Yes    ✓ None 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 Circular A-133, Section 510(a)? \_\_\_\_\_ Yes    ✓ No

Identification of major programs:

CFDA Number	Name of Federal Program
14.228	Community Development Block Grant

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

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

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No findings reported.

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

No findings or questioned costs reported.

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

No findings were reported.

State Single  
Audit Section

**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, 2015. 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, 2015.

## **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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon, dated December 8, 2015, 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 8, 2015

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core - CT Number	Expenditures
<b>NONEXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
Primary Mental Health Grant	11000-SDE64370-12198	\$ 19,502
Youth Service Bureau Grant	11000-SDE64370-17052	14,000
Healthy Foods Initiative Grant	11000-SDE64370-16212	3,795
Youth Service Bureau Enhancement Grant	11000-SDE64370-16201	3,259
School Breakfast - State Match	11000-SDE64370-17046	3,133
Child Nutrition Program - School Lunch State Match	11000-SDE64370-16211	1,850
<b>Total Department of Education</b>		<u>45,539</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Local Capital Improvement Program	12050-OPM20600-40254	49,252
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	20,400
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	6,171
Municipal Grants-In-Aid	12050-OPM20600-43587	3,369
Property Tax Relief for Veterans	11000-OPM20600-17024	1,467
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	1,123
<b>Total Office of Policy and Management</b>		<u>81,782</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
<b>Direct:</b>		
Town Aid Road Grant	12052-DOT57131-43455	<u>281,504</u>
<b>CONNECTICUT STATE LIBRARY</b>		
<b>Direct:</b>		
Historic Document Preservation	12060-CSL66094-35150	5,000
State Grants to Public Libraries	11000-CSL66051-17003	1,159
Connecticard Payments	11000-CSL66051-17010	218
<b>Total Connecticut State Library</b>		<u>6,377</u>
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>		
<b>Direct:</b>		
Arts Commission	11000-ECD46820-16258	<u>5,187</u>
<b>CONNECTICUT OFFICE OF EARLY CHILDHOOD EDUCATION</b>		
<b>Direct:</b>		
School Readiness	11000-OEC64845-12113	113,400
School Readiness Quality Enhancement	11000-OEC64845-17907	3,790
<b>Total Connecticut Office of Early Childhood Education</b>		<u>117,190</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>537,579</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, 2015**

<u>State Grantor; Pass-Through Grantor; Program Title</u>	<u>State Grant Program Core - CT Number</u>	<u>Expenditures</u>
<b>EXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
Education Cost Sharing	11000-SDE64370-17041-82010	\$ 3,935,453
Excess Costs Student Based and Equity	11000-SDE64370-17047	79,837
Public School Transportation	11000-SDE64370-17027	40,862
<b>Total Department of Education</b>		<u>4,056,152</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	<u>24,198</u>
<b>Total Exempt Programs</b>		<u>4,080,350</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 4,617,929</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, 2015

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

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

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**BASIS OF ACCOUNTING**

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

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

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

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

**TOWN OF ASHFORD, CONNECTICUT**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**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 Grants	12052-DOT57131-43455	\$ 281,504

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, 2015**

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, 2015 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 or significant deficiencies, as defined above. However, material weaknesses and significant deficiencies 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:

**Systems: Town and Board of Education**

***Fraud Risk Assessment Process***

All organizations are subject to fraud risks. Management of the Town and the Board of Education are ultimately responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud. During our audit, we noted that neither the Town nor the Board of Education has 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. An effective fraud risk assessment process:

- requires board input and oversight;
- is performed on a systematic and recurring basis;
- identifies instances where fraud may occur within the organization;
- involves appropriate personnel to consider potential fraud schemes and scenarios; and
- links potential fraud schemes and scenarios to mitigating controls.

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 recommend that the Town and the Board of Education consider implementing a formal fraud risk assessment process. The process can be performed internally by management or through the use of an external consultant or firm with related expertise.

***Credit Card Policy***

Credit cards are currently used as part of the purchasing and disbursement process for the Town and the Board of Education. 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 and the Board of Education to abuse and fraud. During our audit, we noted that the neither the Town nor the Board of Education have adopted a credit card policy.

We recommend that the Board of Finance and the Board of Education adopt written credit card policies. 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.

**System: Town**

***Segregation of Duties***

During our audit, we noted that the Town does not have the staffing resources within the Finance Department to ensure adequate segregation of duties. Although we noted that the Town has implemented certain compensating controls, such controls are less desirable than implementing segregation of duties because compensating controls generally occur after the transaction is complete.

We noted that the Town has hired an Assistant for the Finance Department. We recommend that the Finance Department segregate duties between the Treasurer and the Assistant wherever possible to improve segregation of duties. In addition, we recommend that the Finance Department document any compensating controls that have been implemented to mitigate an increased risk associated with any areas where a lack of segregation of duties continues to exist.

**System: Board of Education**

***Evaluation of Current Accounting Systems***

The current accounting systems used by the Board of Education to perform procurement and general ledger accounting activities were acquired several years ago. The use of outdated accounting systems could subject the Board of Education to 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.

We recommend that the Board of Education conduct an evaluation of its existing accounting systems.

***Information Technology Controls***

During our audit, we noted that certain financial information is not always being maintained in a centralized secure network location. Such information may not be subject to the same security and backup procedures. In addition, such information may not be readily accessible to other employees needing access to the information.

We recommend that the Board of Education review its procedures for storing financial information. All financial information should be stored on a secured network drive that is subject to daily backup procedures.

**System: Board of Education**

***Purchasing Policy and Procedures***

During the prior year audit, we noted a lack of segregation of duties over purchases initiated by the Superintendent. We recommended that the Board of Education consider adding additional levels of approval and involve other individuals in the purchasing and authorization process in order to prevent errors and irregularities from occurring.

During the current year audit, we noted that a supervisory level review has been designed by the Board of Education, whereby purchases initiated by or for the benefit of the Superintendent are to be provided by the Business Manager and reviewed by the Board of Education at the monthly board meeting. A supervisory level review is considered a detective control and is designed to detect errors and irregularities, which have already occurred and to assure their prompt correction. We deem the design of the supervisory level review to be appropriate. However, it will be important for the Board of Education to ensure that the control is operating effectively and that adequate detail is being reported to the Board of Education at its monthly board meetings.

***Processing of Purchase Orders***

During the prior year audit, we identified a number of purchase orders that were dated subsequent to the invoice date, indicating that the purchase may not have been authorized prior to item acquisition. Although there are situations where purchases may be required prior to obtaining the appropriate authorizations (i.e. due to an emergency), these situations should be limited and adequately documented.

During the current year audit, we did not identify during the course of performing our audit procedures any purchase orders that were dated subsequent to the invoice date.

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

During the prior year audit, we identified certain instances where student activity receipts were not deposited in a timely manner. Although the receipts were kept in a secure location, failing to make timely deposits increases the risk of error and the risk of misappropriation of funds. We recommended that deposits be made in a timely manner, with as little cash as possible being kept in departmental offices after business hours.

During the current year audit, we did not identify during the course of performing our audit procedures any instances where student activity receipts were not deposited in a timely manner. In addition, we noted that the Board of Education Business Office has designed a procedure establishing a minimum frequency of weekly deposits when the amount of student activity receipts on hand exceeds \$500.

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

During the prior year audit, we noted that the Board of Education had made significant investments in technology equipment and these items have not been capitalized since they do not meet the definition of capitalized assets for financial reporting purposes. We recommended that the Board of Education Business Office undertake a systematic effort to identify all of its controlled capital-type items. In addition, as part of the year-end closing process, we recommended that a detailed listing of capital-type items be prepared along with an explanation of changes from the previous year. The detailed listing of capital-type items should be maintained by the Board of Education Business Office and should be periodically verified to ensure the reliability and completeness of the listing.

During the current year audit, we noted that capital-type items have been inventoried and are being maintained by the department heads that administer these items.

**System: Board of Education**

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

During the prior year audit, we noted that the current capital asset listing of the Board of Education included a number of older, fully depreciated assets that may no longer be held by the Board of Education. We recommended that the Board of Education implement procedures that required periodic notification to the Board of Education Business Office of capital asset disposals to ensure timely and accurate recording for financial reporting purposes. Documentation of disposals should include the method of disposal, approval obtained and the sale amount, if applicable.

During the current year audit, we noted instances whereby disposal of capital assets were identified, documented and communicated to the Board of Education and removed from the capital asset listing. However, we also noted that certain fully depreciated assets still in the possession of the Board of Education were marked for disposal as they were deemed to no longer serve any accounting purpose. We recommend that capital assets be inventoried on a periodic basis and only be removed from the capital asset listing when such assets are disposed 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 8, 2015