

Town of Pomfret, Connecticut

Financial Statements and
Supplementary Information

Year Ended June 30, 2013

Town of Pomfret, Connecticut

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Independent Auditors' Report

The Board of Finance Town of Pomfret, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Pomfret, Connecticut ("Town") as of and for the year ended June 30, 2013, 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.

Auditors' 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 of 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 auditors' 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 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 as of June 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP
100 Great Meadow Road, Wethersfield, CT 06109 | Tel: 860.257.1870 | Fax: 860.257.1875 | www.odpkf.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and budgetary comparison information 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 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.

Supplementary and 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 fund financial statements, and supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining fund financial statements and supplementary 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. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2014 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

O'Connor Davies, LLP

Wethersfield, Connecticut
January 15, 2014

Town of Pomfret, Connecticut

Management's Discussion and Analysis
June 30, 2013

Town of Pomfret, Connecticut
Management's Discussion and Analysis
June 30, 2013

Our discussion and analysis of the Town of Pomfret's (the Government) financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

- The Town of Pomfret, Connecticut's net assets decreased by \$ 53,868. The net assets are a measure of the Town's long-term health. They are reported in exhibits 1 and 2.
- The Town of Pomfret's fund balance increased by \$271,619 primarily due to the Town and Education spending coming in under budgeted levels as well as revenues coming in above budgeted levels.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Government as a whole and present a longer-term view of the Government's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Government's operations in more detail than the government-wide statements by providing information about the Government's most significant funds. The remaining statements provide financial information about activities for which the Government acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Government as a Whole

Our analysis of the Government as a whole begins with Exhibit 1. One of the most important questions asked about the Government's finances is, "Is the Government as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Government as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Government's *net assets* and changes in them. You can think of the Government's net assets—the difference between assets and liabilities—as one way to measure the Government's financial health, or *financial position*. Over time, *increases or decreases* in the Government's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Government's property tax base and the condition of the Government's roads, to assess the *overall health* of the Government.

In the Statement of Net Assets and the Statement of Activities, the Government shows the following activity:

Town of Pomfret, Connecticut
Management's Discussion and Analysis
June 30, 2013

- Governmental activities—The Government's basic services are reported here, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.

Reporting the Government's Most Significant Funds

Our analysis of the Government's major funds begins in the section titled "The Government's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Government as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- *Governmental funds*—The Government's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Government's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Government's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

The Government as Trustee

The Government is the trustee, or *fiduciary*, for the activity funds at the school. These funds do not belong to the Government. The Government's fiduciary activities are reported in separate Statements of Fiduciary Net Assets in Exhibit 5. We exclude these activities from the Government's other financial statements because the Government cannot use these assets to finance its operations. The Government is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Town of Pomfret, Connecticut
Management's Discussion and Analysis
June 30, 2013**

THE GOVERNMENT AS A WHOLE

The Government's *combined* net assets decreased by \$53,868 from a year ago—*decreasing* from \$14,086,517 to \$14,032,649. Last year net assets *increased* by \$483,789. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Government.

**Table 1
Change in Net Assets (on Exhibit 1)**

	2013	Change During Year		2012
		Dollars	Percent	
Current and other assets	\$ 5,061,283	\$ 352,383	7.48%	\$ 4,708,900
Capital assets	16,160,197	32,610	0.20%	16,127,587
Total assets	<u>21,221,480</u>	<u>384,993</u>	1.85%	<u>20,836,487</u>
Long-term debt outstanding	6,102,325	30,199	0.50%	6,072,126
Other liabilities	1,086,506	408,662	60.29%	677,844
Total liabilities	<u>7,188,831</u>	<u>438,861</u>	6.50%	<u>6,749,970</u>
Net assets:				
Invested in capital assets, net of related debt	11,448,197	1,241,286	12.16%	10,206,911
Restricted				
Expendable	690,566		0.00%	436,677
Nonexpendable	255,167		0.00%	255,904
Unrestricted	1,638,719	(1,548,306)	-48.58%	3,187,025
Total net assets	<u>\$ 14,032,649</u>	<u>\$ (53,868)</u>	-0.38%	<u>\$ 14,086,517</u>

The Town's total assets increased by \$384,993 primarily due to an increase in the town's investments. This resulted from a positive balance in revenues versus expenses. The Town's total liabilities also increased by a slightly larger amount of \$438,861. The result was a decrease to total net assets of \$53,868.

**Town of Pomfret, Connecticut
Management's Discussion and Analysis
June 30, 2013**

**Table 2
Change in Net Assets (on Exhibit 2)**

	2013	Change During Year		2012
		Dollars	Percent	
Revenues				
Program revenues:				
Charges for services	\$ 251,299	\$ (68,610)	-21.45%	\$ 319,909
Operating grants and contributions	4,779,822	(43,653)	-0.91%	4,823,475
Capital grants and contributions	535,332	189,920	54.98%	345,412
General revenues:				
Property taxes	8,349,444	241,200	2.97%	8,108,244
Grants and contributions	110,386	40,020	56.87%	70,366
Interest and investment earnings	38,966	(1,190)	-2.96%	40,156
Gain (loss) on disposal of equipment	(12,641)	(4,128)	-100.00%	(8,513)
Other general revenues	20,124	(3,685)	-15.48%	23,809
Transfer in/out	-	-	0.00%	-
Total revenues	<u>14,072,732</u>	<u>349,874</u>	<u>2.55%</u>	<u>13,722,858</u>
Program expenses				
General government	1,622,634	432,497	36.34%	1,190,137
Public works	741,012	77,054	11.61%	663,958
Education	11,465,968	262,911	2.35%	11,203,057
Public safety	123,616	7,515	6.47%	116,101
Interest on long-term debt	173,367	107,551	163.41%	65,816
Total expenses	<u>14,126,597</u>	<u>887,528</u>	<u>6.70%</u>	<u>13,239,069</u>
Increase (decrease) in net assets	<u>\$ (53,865)</u>	<u>\$ (537,654)</u>	<u>-111.13%</u>	<u>\$ 483,789</u>

- An increase of \$241,200 was seen in property taxes due to a mil rate increase and some growth in the Town's grand list.
- The Town and Education budgets were under spent this year allowing for some growth in the general fund as well as the school surplus fund.
- Interest on long term debt is from payments on bonds issued to cover land acquisition and solar panels for the Pomfret Community School. This showed an increase of \$107,551 due to it being the first full year of payments.
- An increase in General Government expenses of \$432,497 was seen.
- An Increase in Education expenses of \$262,911 is primarily due to contractual salary increases for the education staff.

Governmental Activities

Table 3 presents the cost of each of the Government's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Government's taxpayers by each of these functions.

**Town of Pomfret, Connecticut
Management's Discussion and Analysis
June 30, 2013**

**Table 3
Governmental Type Activities**

	Total Cost of Services		Incr. Decr.	Net Cost of Services		Incr. Decr.
	2013	2012		2013	2012	
Governmental Activities						
General government	\$ 1,622,634	\$ 1,190,137	36.34%	\$ 918,654	\$ 835,822	9.91%
Public works	\$ 741,012	\$ 663,958	11.61%	\$ 610,124	\$ 348,615	75.01%
Education	\$ 11,465,968	\$ 11,203,057	2.35%	\$ 6,734,383	\$ 6,386,919	5.44%
Public safety	\$ 123,616	\$ 116,101	6.47%	\$ 123,616	\$ 113,101	9.30%
Interest on long-term debt	\$ 173,367	\$ 65,816	163.41%	\$ 173,367	\$ 65,816	163.41%
Totals	\$ 14,126,597	\$ 13,239,069	6.70%	\$ 8,560,144	\$ 7,750,273	10.45%

Interest on long term debt showed a 163% increase since this was the first full year of interest payments on bonds issued by the town used for land acquisition. The net costs of services by Public Works increased by 75%.

THE GOVERNMENT'S FUNDS

The Fund Balance in the government funds increased by \$139,894 to \$3,821,390. This was not due to any single event but unanticipated revenues along with expense control were the significant overall factors.

The Town's unassigned general fund balance increased by \$254,874 versus 2012. This was largely a result of a slightly better than anticipated overall tax collection rate along with the Town and Education spending under budgeted levels. Over the last few years the Town has relied on \$100,000 from the general fund to balance the budget. This has made it difficult to achieve the year over year increases in the general fund that are needed to bring this fund in line with recommendations. The town will be looking to decrease or eliminate the reliance on the general fund to balance its operating budget in coming years.

General Fund Budgetary Highlights

Over the course of the year, the Board of Finance can revise the Government budget with additional appropriations and budget transfers. Additional appropriates increase the total budget. The Board of Finance is allowed by State Statute to make one additional appropriations up to \$20,000 per line item or department. A second additional appropriation or an appropriation over \$20,000 requires a Town Meeting. Transfers do not increase the total budget, but instead pull appropriations from one department that needs additional funding from other departments that might have excess funding. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

**Town of Pomfret, Connecticut
Management's Discussion and Analysis
June 30, 2013**

**Table 4
General Fund - Budget Summary**

	Final Budget	Actual	Variance
Revenues			
Property Taxes	\$ 8,167,674	\$ 8,265,535	\$ 97,861
Funds and Reserves	1,300	1,348	48
Intergovernmental	3,366,746	3,449,823	83,077
Local Revenue	166,385	171,172	4,787
Total Revenues	11,702,105	11,887,878	185,773
Expenditures			
General Government	2,357,508	2,201,277	156,231
Education	9,484,597	9,414,982	69,615
Total Expenditures	11,842,105	11,616,259	225,846
Increase (Decrease) in Fund Balance	\$ (140,000)	\$ 271,619	\$ 411,619

Significant variances are summarized as follows:

The Government approved an original budget for the year showing expenditures as \$140,000 over revenues. The final spending allowed for \$271,619 to be returned to fund balances to balance the budget. This was due to an under expenditure by the general government of \$156,231 along with a positive variance of \$185,773 in total revenues and an under expenditure of \$69,615 in the education budget. This is a positive variance of \$411,619.

Property tax revenues account for approximately 63 percent of the Town's General Fund revenues. This compares favorably to the published State of Connecticut statistics which show on average property tax collections account for 72 percent of total revenues in the General Fund. Like most towns in Eastern Connecticut, the Town of Pomfret receives a larger amount of aid from the State than many towns in the western portion of the State which accounts for the difference between the Town of Pomfret and the State averages.

Tax collections are generally divided into two percentages. The first is the taxes collected in the current year compared to the current year levy. This would indicate what percentage of the taxpayers paid their taxes in the year in which they were due. The Town collected 97.5 percent of the current year taxes during the year. This compares unfavorable to last year's collections of 97.6 percent.

The second percentage used to compare tax collections is the total tax collections (current year taxes and back year taxes) to the current year levy. When this is greater than 100 percent, the total taxes outstanding at year end are lower than the prior year. When this is less than 100 percent, the total taxes outstanding at year end are higher than the prior year. The Town collected 99.3 percent of the current year tax levy when considering current and back taxes.

**Town of Pomfret, Connecticut
Management's Discussion and Analysis
June 30, 2013**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Government had \$16,160,197 invested government activity capital assets. This amount represents a net increase (including additions and deductions) of \$32,610 from last year. This is primarily due to an increase in intangible assets as well as machinery and equipment. This is offset by depreciation. More detailed information about the Government's capital assets is presented in Note 5 to the financial statements.

Debt

At year end, the Government had \$6,102,325 in bonds and notes outstanding. This is an increase of \$30,199 from last year. This is primarily due to an increase in the Town's OPEB obligation offset by principle payments on bonds and other items. The Government does not have a general obligation bond rating. More detailed information about the Government's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Government's elected and appointed officials considered many factors when setting the fiscal-year 2013/2014 budget and tax rates. The major factor was to cut down the reliance on the Town's general fund balance to mitigate tax increases. This practice has resulted in the fund balance falling below recommended levels. Improvements in the fund balance have been achieved due to cost controls and unanticipated revenues in the town and education budgets. This combined with a desire to maintain town services and a quality education resulted in a mil rate increase of 0.81. The Town is 144 out of 169 towns for taxes per capita at \$1,794.

CONTACTING THE GOVERNMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Government's finances and to show the Government's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at Town of Pomfret, 5 Haven Road, Pomfret Center, Connecticut, 06259.

Town of Pomfret, Connecticut

Basic Financial Statements
June 30, 2013

Town of Pomfret, Connecticut

Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 2,641,774
Investments	2,128,875
Receivables	
Taxes, net	244,660
Intergovernmental	32,861
Prepaid expenses	11,568
Inventory	1,545
Capital assets	
Nondepreciable	5,685,421
Depreciable, net of accumulated depreciation	<u>10,474,776</u>
Total Assets	<u>21,221,480</u>
LIABILITIES	
Accounts payable	602,372
Accrued payroll and related	28,620
Intergovernmental payable	348,895
Unearned revenue - performance	42,946
Accrued interest payable	63,673
Non-current liabilities	
Due within one year	284,626
Due in more than one year	<u>5,817,699</u>
Total Liabilities	<u>7,188,831</u>
NET POSITION	
Net Investment in capital assets	11,448,197
Restricted	
Expendable	690,566
Nonexpendable	255,167
Unrestricted	<u>1,638,719</u>
Total Net Position	<u>\$ 14,032,649</u>

Town of Pomfret, Connecticut

Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ (1,622,634)	\$ 135,008	\$ 43,221	\$ 525,751	\$ (918,654)
Public safety	(123,616)	-	-	-	(123,616)
Public works	(741,012)	-	121,307	9,581	(610,124)
Education	(11,465,968)	116,291	4,615,294	-	(6,734,383)
Interest on long-term debt	(173,367)	-	-	-	(173,367)
Total Governmental Activities	<u>\$ (14,126,597)</u>	<u>\$ 251,299</u>	<u>\$ 4,779,822</u>	<u>\$ 535,332</u>	<u>(8,560,144)</u>
General Revenues					
Property taxes, payments in lieu of taxes, interest and liens					8,349,444
Grants and contributions not restricted to specific programs					110,386
Unrestricted interest and investment earnings					38,966
Loss on disposal of equipment					(12,641)
Other general revenues					20,124
Total General Revenues					<u>8,506,279</u>
Change in Net Position					(53,865)
Net Position - Beginning of Year					<u>14,086,514</u>
Net Position - End of Year					<u>\$ 14,032,649</u>

Town of Pomfret, Connecticut

Balance Sheet
 Governmental Funds
 June 30, 2013

	General Fund	Capital Nonrecurring Fund	Education Grants Fund	Road and Bridges Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and equivalents	\$ -	\$ 1,253,159	\$ 51,474	\$ 386,669	\$ 950,472	\$ 2,641,774
Investments	2,128,875	-	-	-	-	2,128,875
Taxes receivable, net of allowance for uncollectible amounts	244,660	-	-	-	-	244,660
Other receivables						
Intergovernmental	17,906	7,713	-	-	7,242	32,861
Prepaid expenditures	-	-	3,125	-	-	3,125
Inventories	-	-	-	-	1,545	1,545
Total Assets	<u>\$ 2,391,441</u>	<u>\$ 1,260,872</u>	<u>\$ 54,599</u>	<u>\$ 386,669</u>	<u>\$ 959,259</u>	<u>\$ 5,052,840</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 586,673	\$ 13,485	\$ -	\$ 582	\$ 1,632	\$ 602,372
Accrued payroll and related	28,620	-	-	-	-	28,620
Intergovernmental payable	346,695	-	-	-	2,200	348,895
Unearned revenues - performance	-	-	42,946	-	-	42,946
Total Liabilities	<u>961,988</u>	<u>13,485</u>	<u>42,946</u>	<u>582</u>	<u>3,832</u>	<u>1,022,833</u>
Deferred Inflows of Resources						
Deferred revenues - unavailable	<u>211,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,272</u>
Fund Balances (Deficits)						
Nonspendable	-	-	3,125	-	256,712	259,837
Restricted	-	81,313	8,528	10,388	587,212	687,441
Committed	-	1,199,121	-	375,699	-	1,574,820
Assigned	366,177	-	-	-	111,503	477,680
Unassigned	852,004	(33,047)	-	-	-	818,957
Total Fund Balances	<u>1,218,181</u>	<u>1,247,387</u>	<u>11,653</u>	<u>386,087</u>	<u>955,427</u>	<u>3,818,735</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,391,441</u>	<u>\$ 1,260,872</u>	<u>\$ 54,599</u>	<u>\$ 386,669</u>	<u>\$ 959,259</u>	<u>\$ 5,052,840</u>

Town of Pomfret, Connecticut
 Reconciliation of Governmental Funds Balance Sheet
 to the Government Wide Statement of Net Position - Governmental Activities
 June 30, 2013

Fund Balances - Total Governmental Funds	\$ 3,818,735
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,160,197
Governmental funds report the effect of prepaid insurance	8,443
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	211,272
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(4,712,000)
Claims and judgments	(9,448)
Compensated absences	(443,569)
Other post employment benefits	(937,308)
Accrued interest payable	<u>(63,673)</u>
	<u>(6,165,998)</u>
Net Position of Governmental Activities	<u>\$14,032,649</u>

Town of Pomfret, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013

	General Fund	Capital Nonrecurring Fund	Education Grants Fund	Road and Bridges Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$8,265,535	\$ -	\$ -	\$ -	\$ -	\$ 8,265,535
Intergovernmental	4,579,093	477,379	263,027	198,959	161,052	5,679,510
Local revenue	<u>174,963</u>	<u>11,023</u>	<u>10,000</u>	<u>-</u>	<u>148,446</u>	<u>344,432</u>
Total Revenues	<u>13,019,591</u>	<u>488,402</u>	<u>\$ 273,027</u>	<u>\$ 198,959</u>	<u>309,498</u>	<u>14,289,477</u>
EXPENDITURES						
Current						
General government	1,071,367	-	-	-	48,715	1,120,082
Public safety	70,745	-	-	-	-	70,745
Public works	353,407	-	-	21,135	-	374,542
Education	10,583,518	-	275,980	-	129,010	10,988,508
Principal retirement	-	254,000	-	-	-	254,000
Interest and fiscal charges	-	175,510	-	-	-	175,510
Capital outlay	<u>-</u>	<u>1,168,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,168,848</u>
Total Expenditures	<u>12,079,037</u>	<u>1,598,358</u>	<u>275,980</u>	<u>21,135</u>	<u>177,725</u>	<u>14,152,235</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>940,554</u>	<u>(1,109,956)</u>	<u>(2,953)</u>	<u>177,824</u>	<u>131,773</u>	<u>137,242</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	20,037	565,600	-	130,000	10,514	726,151
Transfers out	<u>(706,100)</u>	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>(20,031)</u>	<u>(726,151)</u>
Total Other Financing Sources (Uses)	<u>(686,063)</u>	<u>565,580</u>	<u>-</u>	<u>130,000</u>	<u>(9,517)</u>	<u>-</u>
Net Change in Fund Balances	254,491	(544,376)	(2,953)	307,824	122,256	137,242
Fund Balances - Beginning of Year	<u>963,690</u>	<u>1,791,763</u>	<u>14,606</u>	<u>78,263</u>	<u>833,171</u>	<u>3,681,493</u>
Fund Balances - End of Year	<u>\$ 1,218,181</u>	<u>\$ 1,247,387</u>	<u>\$ 11,653</u>	<u>\$ 386,087</u>	<u>\$ 955,427</u>	<u>\$ 3,818,735</u>

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2013

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>137,242</u>
<p>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. This is the amount by which capital outlay exceeded depreciation expense in the current period.</p>	
Capital outlay expenditures	682,540
Depreciation expense	(637,289)
Undepreciated basis of assets disposed of or sold	<u>(12,641)</u>
	<u>32,610</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes and other revenues in the General Fund	(6,283)
Revenues in the Road and Bridge Projects Fund	<u>(189,378)</u>
	<u>(195,661)</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Principal payments on long-term debt	<u>254,000</u>
	<u>254,000</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in</p>	
Accrued interest	2,143
Claims	8,913
Compensated absences	(31,102)
Pension and other post employment benefits asset/liability	<u>(262,010)</u>
	<u>(282,056)</u>
Change in Net Position of Governmental Activities	<u>\$ (53,865)</u>

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

Town of Pomfret, Connecticut

Statement of Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 105,784</u>
LIABILITIES	
Due to students and others	<u>\$ 105,784</u>

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

Town of Pomfret, Connecticut

Notes to Financial Statements
June 30, 2013

1. Summary of Significant Accounting Policies

The Town of Pomfret, Connecticut ("Town") is a municipal corporation governed by a selectmen–town meeting form of government. Under this form of government the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is lead by an elected three-member board of selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected Board of Education oversees the public school system. The elected Board of Finance is the budget making authority and supervises the town financial matters.

The accounting policies conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of: a) the primary government; b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains fiduciary funds which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental are reported as separate columns in the fund financial statements.

The Town's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Nonrecurring Fund - The Capital Nonrecurring Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Education Grants Fund - The Education Grants Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for educational purposes which are funded by various Federal and State grants. These funds are required by State Statute to be accounted for separately from the General Funds.

Road and Bridge Projects Fund – The Road and Bridge Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for large infrastructure projects.

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

The Town also reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

Dog Fund – This fund processes the dog licenses and related expenditures.

Town Aid Road – The Town Aid Road fund accounts for a Connecticut grant for roads.

Child Nutrition – The payments, government grants and related expenditures for meals provided to students at Pomfret Community School are included in this fund.

Recreation Commission – This fund is used for fees and donations that support the ongoing activities of the Recreation Commission.

Town Celebration Fund – This fund is used for donations that support the 300th anniversary of the Town in 2013 and other events.

Citizens' Assistance Fund – This fund was established by donations to provide aid to residents who have trouble paying the cost to heat their homes.

Miscellaneous Grants Fund – This fund consists of monies received from miscellaneous grants, fundraisers, and donations for the general government.

Aicher Memorial and Pomfret Library Trusts – These funds consist of primarily memorial monies received that must be used for the benefit of the library.

The following are the Town's non-major capital projects funds:

School Building Committee – This fund accounts for preliminary transactions of the school building committee.

Recreation Park – This fund holds a donation and related interest received for the purpose of developing a recreation park.

The following are the Town's permanent funds (the principal portion cannot be spent; the interest can be spent as allowed in the trust agreements):

Cemetery Funds – These funds are for the care and maintenance of specific cemeteries.

Library Funds – These funds are for the benefit of the libraries.

1. Summary of Significant Accounting Policies (Continued)

Youth and PCS Scholarship Trust Funds – These funds are to be used for various scholarships based on the donor’s specific specifications.

Woods Memorial – This fund is to be used for the benefit of the Library.

- b. Fiduciary Funds (Not included in government-wide financial statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Agency Fund is primarily utilized to account for monies held as custodian for outside groups and agencies.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 (current assets less current liabilities) or economic resources (all assets and liabilities). 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*. The Agency Fund has no measurement focus but utilizes 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.

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.

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post employment benefit obligations, certain pension obligations and certain claims payable 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 leases are reported as other financing sources.

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

Investments - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) 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. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund.

Investments are stated at fair value, based on quoted market prices.

The Short-Term Investment Fund ("STIF"), is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is overseen by the Office of the State Treasurer. The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool. The fair value of the position in the pool is the same as the value of the pool shares.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)

June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

Taxes Receivable - Property taxes are assessed on property values as of October 1st. The tax levy is divided into two billings; the following July 1st and January 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1st and February 1st), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventories - Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)

June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. 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.

Intangible assets lack physical substance, is nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land is considered inexhaustible and, therefore, not depreciated. Property, plant, and equipment of the Town is depreciated or amortized using the straight line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Land	N/A	\$ 10,000
Intangible assets	Varies, if any	\$ 10,000
Buildings and systems	50	\$ 25,000
Land Improvements	10	\$ 10,000
Machinery and Equipment		
Light vehicles	5	\$ 10,000
Trucks	10	\$ 10,000
Heavy vehicles	10	\$ 10,000
Other	5	\$ 10,000
Infrastructure:		
Bridges (per unit)	20	\$ 50,000
Roads (per land mile)	20	\$ 15,000
Traffic signals (per unit)	10	\$ 10,000
Drainage (per project)	20	\$ 15,000

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)

June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Also, deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt payments, are reported as debt service expenditures.

Compensated Absences - Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

Net Position - Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets and restricted. The balance is classified as unrestricted.

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)

June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.
- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority, a motion at a Town Meeting. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the entity's governing boards.
- Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Currently, this is done by the Board of Finance. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.
- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the Town considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

1. Summary of Significant Accounting Policies (Continued)

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. 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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 15, 2014.

2. Stewardship, Compliance and Accountability

A. Budget Basis

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Teachers' Retirement** - The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **Encumbrances** - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
- **Excess Cost Grant** - The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as a revenue.

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

2. Stewardship, Compliance and Accountability (Continued)

- **Long-Term Debt and Lease Financing** - Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.
- **Cash Basis Payroll** - Payroll is budgeted based on when it is expected to be paid. On the statements prepared under Generally Accepted Accounting Principles, payroll is charged to the fiscal year in which it is earned.
- **Tuition Revenues** – Tuition revenues from the preschool program are netted with the Board of Education expenditures on the budget basis.

B. Budget Calendar

The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

C. Budget Control

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one time additional appropriation up to \$20,000 to any appropriations. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation.

D. Expenditures in Excess of Budget

During the year \$20,000 of additional appropriations were made.

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

2. Stewardship, Compliance and Accountability (Continued)

E. Fund Deficit

The Capital Nonrecurring Fund has an unassigned deficit of \$33,047 at June 30, 2013. This deficit is primarily the result of timing issues where the reimbursements were not received within 60 days.

F. Application of Accounting Standards

For the year ended June 30, 2013, the Town implemented:

- GASB Statement 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* – This statement incorporates certain authoritative literature into the GASB codification.
- GASB Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* – This statement discusses transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods and provides guidance for reporting them.
- GASB Statement 65 – *Items Previously Reported as Assets and Liabilities* – This statement further clarifies that appropriate use of the financial statement elements of deferred outflows and deferred inflows of resources to ensure consistency in financial reporting.

3. Detailed Notes on All Funds

A. Cash, Cash Equivalents and Investments

Cash and investments of the Town consist of the following at June 30, 2013:

Statement of Net Position

Cash and equivalents	\$ 2,641,774
Investments	2,128,875
	<u>4,770,649</u>

Fiduciary Funds

Cash and equivalents	105,784
Total Cash and Investments	<u>\$ 4,876,433</u>

Cash and Cash Equivalents - As of June 30, 2013 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 3,573,885
Plus external investment pools	1,302,548
Less Certificates of deposits (in investments)	(2,128,875)
	<u>\$ 2,747,558</u>

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

The bank balance of the deposits was \$3,409,043 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 1,126,371
Collateralized by securities held in trust	
Not in the Town's name	674,304
Uninsured and uncollateralized	<u>1,608,368</u>
	<u>\$ 3,409,043</u>

Investments – The General Fund had investments of \$2,128,875. Below is a summary of the interest rate risk and credit risk as of June 30, 2013

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1 Year	1-5 Years	Over 5 Years
Certificates of deposit	*	<u>\$ 2,128,875</u>	<u>\$ 499,116</u>	<u>\$ 1,629,759</u>	<u>\$ -</u>

* **Certificates of Deposit** – The Town invests in nonparticipating interest-earning investment contracts in the form of certificates of deposit. These do not capture the market (interest rate) changes through the investment’s negotiability or transferability, or redemption terms that consider market rates. This exposes the Town to interest rate risks.

B. Receivables, Deferred Revenue and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The General Fund reported \$211,272 of property tax receivables as *deferred revenue* because they were not received within 60 days of the year end.

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The Education Grants Fund recorded \$42,946 of advances on grants as the liability *unearned revenue* at June 30, 2013.

C. Interfund Transactions

The outstanding balances between funds result mainly 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. At June 30, 2013 there were no outstanding balances between funds.

Fund transfers are generally used to fund special projects with general fund revenues. In addition, the Town has a policy to transfer certain operating profits from the Recreation Commission and Dog Fund back to the General Fund annually. Transfers during the year ended June 30, 2013 were as follows:

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

	Transfers into				Total
	General Fund	Capital Nonrecurring Fund	Road and Bridge Projects	Other Governmental Funds	
Transfers out of					
General Fund	\$ -	\$ 565,600	\$ 130,000	\$ 10,500	\$ 706,100
Capital Nonrecurring	20	-	-	-	20
Other governmental funds	20,017	-	-	14	20,031
	<u>\$ 20,037</u>	<u>\$ 565,600</u>	<u>\$ 130,000</u>	<u>\$ 10,514</u>	<u>\$ 726,151</u>

D. Capital Assets

Changes in the Town's capital assets used in the governmental activities are as follows

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,632,005	\$ -	\$ -	\$ 1,632,005
Intangible assets	3,569,916	483,500	-	4,053,416
	<u>5,201,921</u>	<u>483,500</u>	<u>-</u>	<u>5,685,421</u>
Capital assets being depreciated				
Buildings and systems	11,429,648	25,208	(19,521)	11,435,335
Land improvements	1,080,349	13,852	-	1,094,201
Machinery and equipment	1,275,031	158,946	(44,041)	1,389,936
Infrastructure	4,147,738	20,555	-	4,168,293
	<u>17,932,766</u>	<u>218,561</u>	<u>(63,562)</u>	<u>18,087,765</u>
Less accumulated depreciation	<u>(7,007,100)</u>	<u>(637,289)</u>	<u>31,400</u>	<u>(7,612,989)</u>
	<u>\$ 16,127,587</u>	<u>\$ 64,772</u>	<u>\$ (32,162)</u>	<u>\$ 16,160,197</u>

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 126,354
Public works	263,407
Education	247,528
	<u>\$ 637,289</u>

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

E. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 4,966,000	\$ -	\$ (254,000)	\$ 4,712,000	\$ 253,000
Claims and judgments	18,361	-	(8,913)	9,448	9,448
Compensated absences	412,467	31,102	-	443,569	22,178
OPEB obligations	675,299	282,211	(20,202)	937,308	-
	<u>\$ 6,072,127</u>	<u>\$ 313,313</u>	<u>\$ (283,115)</u>	<u>\$ 6,102,325</u>	<u>\$ 284,626</u>

Each governmental funds liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations is expenditures in the respective fund, primarily the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2013 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Land acquisition and solar panels	2012	\$ 4,966,000	2032	2.25 - 4.60%	<u>\$ 4,712,000</u>

Payments to maturity on the general obligation bonds are as follows

Year End	General Obligation Bonds		Year End	General Obligation Bonds	
	Principal	Interest		Principal	Interest
2014	253,000	169,795	2024	255,000	99,450
2015	253,000	164,103	2025	255,000	89,250
2016	253,000	158,410	2026	255,000	79,050
2017	253,000	152,718	2027	255,000	68,850
2018	180,000	147,025	2028	255,000	58,650
2019	230,000	141,175	2029	255,000	46,920
2020	230,000	133,700	2030	255,000	35,190
2021	255,000	126,225	2031	255,000	23,460
2022	255,000	117,938	2032	255,000	11,730
2023	255,000	109,650		<u>\$ 4,712,000</u>	<u>\$ 1,933,289</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2013 totaled \$173,367.

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

Claims and Judgments

The Town has a structured settlement to pay a supplemental premium assessment to the Municipal Interlocal Risk Management Agency (MIRMA). A final payment of \$9,448 is due on July 1, 2013.

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. The value of all compensated absences has been reflected in the government-wide financial statements.

Legal Debt Limit

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town are as follows:

Total tax collections (including interest and lien fees) for the year - primary government					\$ 8,250,781
Total tax collections (including interest and lien fees) for the year - coterminous governments					288,973
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)					2,000
Debt limitation base					<u>\$ 8,541,754</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 19,218,947	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	38,437,893	-	-	-
3 3/4 times base	-	-	32,031,578	-	-
3 1/4 times base	-	-	-	27,760,701	-
3 times base	-	-	-	-	25,625,262
Total debt limitation	<u>19,218,947</u>	<u>38,437,893</u>	<u>32,031,578</u>	<u>27,760,701</u>	<u>25,625,262</u>
Indebtedness					
Bonds payable					
Town	4,146,560	565,440	-	-	-
Fire District	123,245	-	-	-	-
Total indebtedness	<u>4,269,805</u>	<u>565,440</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 14,949,142</u>	<u>\$ 37,872,453</u>	<u>\$ 32,031,578</u>	<u>\$ 27,760,701</u>	<u>\$ 25,625,262</u>
In no case shall total indebtedness exceed seven times the annual receipts from taxation					<u>\$ 59,792,278</u>

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

F. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Nonexpendable - the component of net position that reflects funds set aside in accordance with laws, regulations, grants, and other agreements that must be kept intact and cannot be spent. This is made up of \$255,167 in principal balances on trust funds.

Restricted Net Position – Expendable - the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants and other agreements relating to these funds. This is made up of:

General Government	\$ 50,454
Education	13,661
Public Works	446,611
Culture and Recreation	95,402
Capital Projects	81,313
	<u>\$ 687,441</u>

Unrestricted - all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

G. Fund Balances

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

	General Fund	Capital Nonrecurring Fund	Educational Grants Fund	Road and Bridge Projects	Other Governmental Funds
Nonspendable					
Not in spendable form					
Prepaid expenditures	\$ -	\$ -	\$ 3,125	\$ -	\$ -
Inventories	-	-	-	-	1,545
Required to be maintained					
Trust principal	-	-	-	-	255,167
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,125</u>	<u>\$ -</u>	<u>\$ 256,712</u>
Restricted					
General Government	\$ -	\$ -	\$ -	\$ -	\$ 50,454
Education	-	-	8,528	-	5,133
Public Works	-	-	-	10,388	436,223
Culture and Recreation	-	-	-	-	95,402
Capital Projects	-	81,313	-	-	-
	<u>\$ -</u>	<u>\$ 81,313</u>	<u>\$ 8,528</u>	<u>\$ 10,388</u>	<u>\$ 587,212</u>
Committed					
Public Works	\$ -	\$ -	\$ -	\$ 375,699	\$ -
Capital Projects	-	1,199,121	-	-	-
	<u>\$ -</u>	<u>\$ 1,199,121</u>	<u>\$ -</u>	<u>\$ 375,699</u>	<u>\$ -</u>
Assigned					
General Government	\$ 298,733	\$ -	\$ -	\$ -	\$ 68,996
Education	-	-	-	-	3,016
Public Works	-	-	-	-	11,630
Culture and Recreation	-	-	-	-	27,861
To balance next year's budget	67,444	-	-	-	-
	<u>\$ 366,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,503</u>

H. Employee Retirement Systems and Pension Plans

Teachers Retirement System

Teachers and certain other certified personnel in the Town are eligible to participate in the State of Connecticut Teachers' Retirement System, a multiple employer public employees retirement system described in the Connecticut General Statutes, Chapter 167a. The system has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. A member is eligible to receive a normal retirement benefit when he or she (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut. The financial report may be obtained through the State Teachers Retirement Board.

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary, or be less than \$3,600. Benefits are fully vested after ten years of service.

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

The funding of the system is provided by required member contributions (seven percent of their annual salary) and by amounts appropriated by the State of Connecticut General Assembly. For the year ended June 30, 2013, the State contributed \$594,590 into the pension plan on behalf of the Town. This was recorded on the GAAP statements as revenue and expenditures in the General Fund. The Town's total payroll for all employees for the fiscal year ending June 30, 2013 was \$4,665,040 of which \$2,835,228 was covered under this pension plan.

Defined Contribution Plan

The Town of Pomfret, Connecticut has a defined contribution plan for general government employees and certain Board of Education employees under Internal Revenue Code 401(a). This is administered through the Aetna Life Insurance and Annuity Company. Provisions are made and amended as necessary by the Retirement Board. Contributions are based on the approved annual budget and are allocated to eligible participants on a pro rata share of their compensation compared to the total compensation for all eligible participants. Contributions in this fiscal year were as follows:

	Covered Salaries	Contributions	Percent Covered
General Government	\$ 497,612	\$ 38,000	7.6%
Board of Education	769,753	40,228	5.2%
	<u>\$ 1,267,365</u>	<u>\$ 78,228</u>	6.2%

I. Other Post Employment Benefits

Plan Description - The Pomfret Public Schools Other Post Employment Benefit Program (“OPEB”) is a single-employer defined benefit plan administered by the Town in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.

Eligibility	Teachers and Administrators - A Teacher or Administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse. Normal Retirement for Teachers and Administrators is the earlier of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earlier of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.
Cost Sharing	All retirees pay 100% of the premiums less the amount paid to the town by the Teachers’ Retirement Board.
Plan of Coverage	Various medical, dental and pharmaceutical plans depending on whether retirement age is prior to age 65 or after 65.

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

Actuarial Assumptions and Methods

The government has elected to use the alternative approach to calculate OPEB related benefits. This allows financial statement preparers to use certain simplifying assumptions to project benefits without the use of an actuary. The significant assumptions to apply this method were developed by the Board of Education with the use of an outside vendor.

Latest Actuarial Date	June 30, 2013
Actuarial Cost Method	Entry Age
Discount Rate	3.50%
Payroll Growth Rate	2.90%
Medical Inflation	Initial rate of 8.0% grading down to an ultimate inflation rate of 4.7% in 2020 and later.
Amortization Method	Level percentage of payroll amortization
Remaining amortization	30 years, closed
Mortality	RP-2000 Mortality Table for males and females projected 10 years.
Turnover	Standard Turnover Assumptions – GASB 45 Paragraph 35b
Retirement	Average retirement age of 65
Future Retiree Coverage	100% are assumed to elect coverage at retirement

Schedule of Funding Progress

The schedule of funding progress 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. There is no requirement for funding and the plan has not been funded. The Town has not yet established a formal funding plan or a trust at this time. Below is a schedule of funding progress. (Data in the table below is only presented since the year of transition.):

Valuation Date	Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a % of Covered Payroll
June 30, 2010	\$ -	\$ 2,805,531	\$ 2,805,531	0.0%	\$ 3,194,515	87.8%
June 30, 2013	\$ -	\$ 2,852,274	\$ 2,852,274	0.0%	\$ 3,302,352	86.4%

Schedule of Employer Contributions

The schedule of employer contributions is as follows. (Data in the table below is only presented since the year of transition):

Year Ended June 30	Annual Required Contributions	Actual Contributions Made	Percentage Contributed
2013	\$ 283,178	\$ 10,500	3.7%
2012	\$ 275,657	\$ 42,685	15.5%
2011	\$ 275,657	\$ 28,364	10.3%

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

Annual Required Contribution

The Annual Required Contribution ("ARC") for the OPEB program consists of two pieces:

Past Service Cost (a catch-up accrual to amortize the Unfunded Accrued Liability). The amortization period is 30 years starting on July 1, 2007. The ARC is assumed to be paid at the beginning of the fiscal year. Interest is also calculated on the Unfunded Accrued Liability and added to the Annual Required Contribution.

Normal Cost is the present value of the portion of the projected benefit attributable to the current year (the cost of benefits earned each year should be accrued in that year).

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation (asset):

Annual required contribution	\$	283,178	
Interest on net OPEB obligation		23,635	
Adjustment to Annual Required Contribution		<u>(24,602)</u>	
Annual OPEB cost		282,211	
Age adjusted contributions made		<u>(20,202)</u>	
Increase in net OPEB obligation		262,009	
Net OPEB obligation - beginning of the year		<u>675,299</u>	
	\$	<u>937,308</u>	

The Net OPEB Obligation history is as follows. (Data in the table below is only presented since the year of transition):

Year Ended June 30	Annual OPEB Cost	Actual Contribution Made	Percentage of AOC Contributed	Net OPEB Obligation
2013	\$ 282,211	\$ 20,202	7.16%	\$ 937,308
2012	\$ 274,961	\$ 86,480	31.5%	\$ 675,299
2011	\$ 275,657	\$ 28,364	10.3%	\$ 486,818

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

Other Disclosures

The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

4. Other Information

A. Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

B. Contingencies

Grants - The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

School Building Grants - Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State.

For projects with a cost of over two million dollars, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

4. Other Information (Continued)

E. GASB Pronouncements Issued, But Not yet Effective

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

- GASB Statement 66 – *Technical Corrections - 2012* – This statement resolves conflicting guidance. This statement is effective for periods beginning after December 15, 2012.
- GASB Statement 68 - *Accounting and Financial Reporting for Pensions* – This statement, and GASB Statement 67 applicable to pension plans, improves information provided by state and local government employers for better decision making, accountability, interperiod equity, and creating additional transparency. This statement is effective for fiscal years beginning after June 15, 2014.
- GASB Statement 69 – *Government Combinations and Disposals of Government Operations* - This statement establishes accounting and financial reporting standards related to a variety of transactions such as mergers, acquisitions, and transfers of operations. This statement is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.
- GASB Statement 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – This statement improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement is effective for fiscal years beginning after June 15, 2013.

Town of Pomfret, Connecticut

Required Supplementary Information
June 30, 2013

Town of Pomfret, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund
 Year Ended June 30, 2013

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
REVENUES					
Taxation Effort					
Property taxes	\$ 8,003,674	\$ -	\$ 8,003,674	\$ 7,976,031	\$ (27,643)
Prior taxes	65,000	-	65,000	132,662	67,662
Interest and lien fees	30,000	-	30,000	74,751	44,751
Supplemental motor vehicle taxes	55,000	-	55,000	66,347	11,347
Miscellaneous tax fees	2,000	-	2,000	3,983	1,983
Overpayments and refunds	12,000	-	12,000	11,761	(239)
	<u>8,167,674</u>	<u>-</u>	<u>8,167,674</u>	<u>8,265,535</u>	<u>97,861</u>
Funds and Reserves					
Capital	-	-	-	20	20
Canine control	1,300	-	1,300	1,328	28
	<u>1,300</u>	<u>-</u>	<u>1,300</u>	<u>1,348</u>	<u>48</u>
Intergovernmental Revenue - Education					
Education cost sharing	3,130,001	-	3,130,001	3,130,001	-
Special Education	49,358	-	49,358	-	(49,358)
Transportation aid	-	-	-	53,251	53,251
	<u>3,179,359</u>	<u>-</u>	<u>3,179,359</u>	<u>3,183,252</u>	<u>3,893</u>
Intergovernmental Revenue - Town					
Mashantucket Pequot grant	21,218	-	21,218	20,821	(397)
Elderly freeze	2,000	-	2,000	2,000	-
Circuit breaker	18,900	-	18,900	17,201	(1,699)
PILOT - State owned property	49,152	-	49,152	48,962	(190)
PILOT - Disability	445	-	445	420	(25)
Circuit court	700	-	700	1,840	1,140
Library grant	1,200	-	1,200	1,357	157
PILOT - Boat grant	350	-	350	-	(350)
Miscellaneous	11,000	-	11,000	64,237	53,237
FEMA - emergency management	-	-	-	31,309	31,309
Telephone access	29,000	-	29,000	24,282	(4,718)
PILOT - Veterans exemption	5,190	-	5,190	5,770	580
Local capital improvement program	48,232	-	48,232	48,372	140
	<u>187,387</u>	<u>-</u>	<u>187,387</u>	<u>266,571</u>	<u>79,184</u>
Departmental Revenue					
Investment income	32,000	-	32,000	35,570	3,570
School fund	7	-	7	5	(2)
Hammond	85	-	85	58	(27)
Overlock	60	-	60	40	(20)
Averill	1,000	-	1,000	657	(343)
Miscellaneous local	1,500	-	1,500	6,115	4,615
Contributions/rent	32,500	-	32,500	22,003	(10,497)
Assessor	350	-	350	521	171
Selectmen	1,000	-	1,000	4,600	3,600
Pomfret Fire District	2,600	-	2,600	2,400	(200)
Yield tax	-	-	-	224	224
Registrars	50	-	50	-	(50)
Building inspector	30,000	-	30,000	21,293	(8,707)
Cemeteries	28	-	28	20	(8)
	<u>101,180</u>	<u>-</u>	<u>101,180</u>	<u>93,506</u>	<u>(7,674)</u>

(Continued)

Town of Pomfret, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund
 Year Ended June 30, 2013

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Town Clerk					
Conveyance	15,000	-	15,000	22,986	7,986
Recording	15,000	-	15,000	22,192	7,192
Photocopies	4,000	-	4,000	4,164	164
Vitals	4,500	-	4,500	3,015	(1,485)
Dog fund fees	360	-	360	382	22
Sport license	120	-	120	120	-
Miscellaneous	200	-	200	259	59
Map filing	200	-	200	280	80
Land desclassification	5,000	-	5,000	2,511	(2,489)
	<u>44,380</u>	<u>-</u>	<u>44,380</u>	<u>55,909</u>	<u>11,529</u>
Commissions					
Planning commission	2,000	-	2,000	1,887	(113)
Inland wetlands	2,000	-	2,000	1,026	(974)
Green team	25	-	25	-	(25)
Recreation commission	16,000	-	16,000	17,909	1,909
Zoning board of appeals	300	-	300	-	(300)
Senior center	500	-	500	935	435
	<u>20,825</u>	<u>-</u>	<u>20,825</u>	<u>21,757</u>	<u>932</u>
Total Revenues	<u>11,702,105</u>	<u>-</u>	<u>11,702,105</u>	<u>11,887,878</u>	<u>185,773</u>
EXPENDITURES					
General Government					
Board of finance	25,155	-	25,155	19,173	5,982
Board of selectmen	107,722	-	107,722	104,631	3,091
Treasurer	31,336	-	31,336	31,095	241
Tax collector	74,337	-	74,337	66,194	8,143
Tax assessor	57,445	-	57,445	55,478	1,967
Board of assessment appeals	900	-	900	750	150
Planning & zoning commission	24,960	-	24,960	22,155	2,805
Conservation commission	1,550	-	1,550	461	1,089
Inland wetlands commission	27,564	-	27,564	21,233	6,331
Zoning board of appeals	2,275	-	2,275	1,176	1,099
Regional grants	24,205	-	24,205	23,241	964
Economic development	3,200	-	3,200	675	2,525
Town counsel	13,000	-	13,000	4,765	8,235
Probate court	1,900	-	1,900	1,841	59
Town clerk	69,223	-	69,223	66,390	2,833
Central services	36,430	-	36,430	29,506	6,924
Elections & primaries	9,850	-	9,850	7,994	1,856
Registrars of voters	10,334	2,248	12,582	12,582	-
Town hall	34,450	2,392	36,842	36,841	1
	<u>555,836</u>	<u>4,640</u>	<u>560,476</u>	<u>506,181</u>	<u>54,295</u>

(Continued)

Town of Pomfret, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund
 Year Ended June 30, 2013

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Public Safety					
Fire marshal	10,625	-	10,625	8,684	1,941
Civil preparedness	1,025	2,355	3,380	3,380	-
Canine control	13,030	-	13,030	12,913	117
	<u>24,680</u>	<u>2,355</u>	<u>27,035</u>	<u>24,977</u>	<u>2,058</u>
Public Works					
Roads & drainage	257,100	-	257,100	250,780	6,320
Snow removal	85,000	(11,650)	73,350	59,583	13,767
Town garage	16,275	-	16,275	9,548	6,727
Fleet maintenance	81,825	-	81,825	60,004	21,821
Bulky waster/recycling	35,200	-	35,200	28,359	6,841
Cemeteries	7,850	-	7,850	3,200	4,650
Grounds/park maintenance	18,950	53	19,003	19,002	1
Building inspection	25,494	-	25,494	24,227	1,267
	<u>527,694</u>	<u>(11,597)</u>	<u>516,097</u>	<u>454,703</u>	<u>61,394</u>
Human Services					
Health supervision and operation	19,800	-	19,800	19,735	65
Senior services	24,050	2,193	26,243	26,242	1
	<u>43,850</u>	<u>2,193</u>	<u>46,043</u>	<u>45,977</u>	<u>66</u>
Civic and Cultural					
Pomfret public library	82,255	-	82,255	80,539	1,716
Abington social library	21,000	-	21,000	21,000	-
Recreation	51,203	1,460	52,663	52,662	1
Community programs	11,300	372	11,672	11,672	-
Pomfret historical society	3,500	-	3,500	3,500	-
	<u>169,258</u>	<u>1,832</u>	<u>171,090</u>	<u>169,373</u>	<u>1,717</u>
Debt and Sundry					
Employment expense and insurance	301,090	-	301,090	269,389	31,701
Insurance	35,000	577	35,577	35,577	-
Loan consolidation/bond interest	365,000	-	365,000	365,000	-
Contingency	5,000	-	5,000	-	5,000
Capital and Non-recurring	330,100	-	330,100	330,100	-
	<u>1,036,190</u>	<u>577</u>	<u>1,036,767</u>	<u>1,000,066</u>	<u>36,701</u>
Total General Government Expenditures	2,357,508	-	2,357,508	2,201,277	156,231
Board of Education	<u>9,464,597</u>	<u>20,000</u>	<u>9,484,597</u>	<u>9,414,982</u>	<u>69,615</u>
Total Expenditures	<u>11,822,105</u>	<u>20,000</u>	<u>11,842,105</u>	<u>11,616,259</u>	<u>225,846</u>

(Continued)

Town of Pomfret, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund
 Year Ended June 30, 2013

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Excess (Deficiency) of Revenues					
Over Expenditures - Budgetary Basis	<u>\$ (120,000)</u>	<u>\$ (20,000)</u>	<u>\$ (140,000)</u>	271,619	<u>\$ 411,619</u>
Adjustments to Generally Accepted Accounting Principles (GAAP):					
Payments on Behalf of the Town Not Recorded on a Budgetary Basis:					
Revenues from teachers' retirement				594,590	
Expenditures for teachers' retirement				(594,590)	
Revenues Netted with Expenditures in the Budget					
Revenues from student tuition				22,480	
Expenditures for board of education				(22,480)	
Revenues from excess cost grant				534,680	
Expenditures for board of education				(534,680)	
General government and Board of Education employees - change in accrued payroll				(17,128)	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)					<u>\$ 254,491</u>

Notes to Required Supplementary Information: A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf; 2. Revenues and expenditures from capital leasing and for renewing or refunding long-term debt are included in the budget as the net revenue or expenditure expected; 3. Encumbrances are treated as expenditures against the budget in the year committed; 4. Payroll is budgeted on a cash basis; 5. The budget for the Board of Education expenditures are net with the "excess cost grant" received from the State of Connecticut as per Connecticut General Statutes 10-76g; 6. Student tuition revenue is netted in the budget with expenditures.

Town of Pomfret, Connecticut

Combining Fund Financial Statements
June 30, 2013

Town of Pomfret, Connecticut

Combining Balance Sheet
 Other Governmental Funds
 June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and equivalents	\$ 623,181	\$ 18,269	\$ 309,022	\$ 950,472
Other receivables				
Intergovernmental	7,242	-	-	7,242
Inventories	1,545	-	-	1,545
Total Assets	<u>\$ 631,968</u>	<u>\$ 18,269</u>	<u>\$ 309,022</u>	<u>\$ 959,259</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 763	\$ -	\$ 869	\$ 1,632
Intergovernmental	2,200	-	-	2,200
Total Liabilities	<u>2,963</u>	<u>-</u>	<u>869</u>	<u>3,832</u>
Fund balances				
Nonspendable	1,545	-	255,167	256,712
Restricted	534,226	-	52,986	587,212
Assigned	93,234	18,269	-	111,503
Total Fund Balances	<u>629,005</u>	<u>18,269</u>	<u>308,153</u>	<u>955,427</u>
Total Liabilities and Fund Balances	<u>\$ 631,968</u>	<u>\$ 18,269</u>	<u>\$ 309,022</u>	<u>\$ 959,259</u>

Town of Pomfret, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Other Governmental Funds
 Year Ended June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
REVENUES				
Intergovernmental	\$161,052	\$ -	\$ -	\$ 161,052
Local revenue	<u>145,252</u>	<u>27</u>	<u>3,167</u>	<u>148,446</u>
Total Revenues	<u>306,304</u>	<u>27</u>	<u>3,167</u>	<u>309,498</u>
EXPENDITURES				
Current expenditures				
General government	46,859	-	1,856	48,715
Education	<u>128,778</u>	<u>-</u>	<u>232</u>	<u>129,010</u>
Total Expenditures	<u>175,637</u>	<u>-</u>	<u>2,088</u>	<u>177,725</u>
Excess of Revenues Over Expenditures	<u>130,667</u>	<u>27</u>	<u>1,079</u>	<u>131,773</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,514	-	-	10,514
Transfers out	<u>(19,237)</u>	<u>-</u>	<u>(794)</u>	<u>(20,031)</u>
Total Other Financing Sources (Uses)	<u>(8,723)</u>	<u>-</u>	<u>(794)</u>	<u>(9,517)</u>
Net Change in Fund Balances	121,944	27	285	122,256
Fund Balances - Beginning of Year	<u>507,061</u>	<u>18,242</u>	<u>307,868</u>	<u>833,171</u>
Fund Balances - End of Year	<u>\$629,005</u>	<u>\$18,269</u>	<u>\$ 308,153</u>	<u>\$ 955,427</u>

Town of Pomfret, Connecticut

Combining Balance Sheet
 Special Revenue Funds
 June 30, 2013

	Dog Fund	Town Aid Road	Child Nutrition Fund	Recreation Commission Fund	Town Celebrations Funds	Citizens Assistance Fund	Miscellaneous Grants Fund	Aicher Memorial Fund	Pomfret Library Trusts Fund	Total Special Revenue Funds
ASSETS										
Cash and equivalents	\$ 2,200	\$ 436,223	\$ (4,226)	\$ 24,840	\$ 19,818	\$ 49,448	\$ 2,601	\$ 4,617	\$ 87,660	\$ 623,181
Other receivables										
Intergovernmental	-	-	7,242	-	-	-	-	-	-	7,242
Inventories	-	-	1,545	-	-	-	-	-	-	1,545
Total Assets	<u>\$ 2,200</u>	<u>\$ 436,223</u>	<u>\$ 4,561</u>	<u>\$ 24,840</u>	<u>\$ 19,818</u>	<u>\$ 49,448</u>	<u>\$ 2,601</u>	<u>\$ 4,617</u>	<u>\$ 87,660</u>	<u>\$ 631,968</u>
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270	\$ -	\$ -	\$ 493	\$ 763
Intergovernmental	<u>2,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,200</u>
Total Liabilities	<u>2,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>493</u>	<u>2,963</u>
Fund balances										
Nonspendable	-	-	1,545	-	-	-	-	-	-	1,545
Restricted	-	436,223	-	3,618	-	-	2,601	4,617	87,167	534,226
Assigned	<u>-</u>	<u>-</u>	<u>3,016</u>	<u>21,222</u>	<u>19,818</u>	<u>49,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,234</u>
Total Fund Balances	<u>-</u>	<u>436,223</u>	<u>4,561</u>	<u>24,840</u>	<u>19,818</u>	<u>49,178</u>	<u>2,601</u>	<u>4,617</u>	<u>87,167</u>	<u>629,005</u>
Total Liabilities and Fund Balance:	<u>\$ 2,200</u>	<u>\$ 436,223</u>	<u>\$ 4,561</u>	<u>\$ 24,840</u>	<u>\$ 19,818</u>	<u>\$ 49,448</u>	<u>\$ 2,601</u>	<u>\$ 4,617</u>	<u>\$ 87,660</u>	<u>\$ 631,968</u>

Town of Pomfret, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Special Revenue Funds
 Year Ended June 30, 2013

	Dog Fund	Town Aid Road	Child Nutrition Fund	Recreation Commission Fund	Town Celebrations Funds	Citizens Assistance Fund	Miscellaneous Grants Fund	Aicher Memorial Fund	Pomfret Library Trusts Fund	Total Special Revenue Funds
REVENUES										
Intergovernmental	\$ -	\$ 121,307	\$ 39,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,052
Local revenue	3,528	-	83,817	39,698	7,723	8,562	353	37	1,534	145,252
Total Revenues	<u>3,528</u>	<u>121,307</u>	<u>123,562</u>	<u>39,698</u>	<u>7,723</u>	<u>8,562</u>	<u>353</u>	<u>37</u>	<u>1,534</u>	<u>306,304</u>
EXPENDITURES										
Current Expenditures										
General government	2,200	-	-	21,064	10,226	10,228	1,828	-	1,313	46,859
Education	-	-	128,778	-	-	-	-	-	-	128,778
Total Expenditures	<u>2,200</u>	<u>-</u>	<u>128,778</u>	<u>21,064</u>	<u>10,226</u>	<u>10,228</u>	<u>1,828</u>	<u>-</u>	<u>1,313</u>	<u>175,637</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,328</u>	<u>121,307</u>	<u>(5,216)</u>	<u>18,634</u>	<u>(2,503)</u>	<u>(1,666)</u>	<u>(1,475)</u>	<u>37</u>	<u>221</u>	<u>130,667</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	14	10,500	-	-	-	-	10,514
Transfers out	(1,328)	-	-	(17,909)	-	-	-	-	-	(19,237)
Total Other Financing Sources (Uses)	<u>(1,328)</u>	<u>-</u>	<u>-</u>	<u>(17,895)</u>	<u>10,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,723)</u>
Net Change in Fund Balances	-	121,307	(5,216)	739	7,997	(1,666)	(1,475)	37	221	121,944
Fund Balances - Beginning of Yea	-	314,916	9,777	24,101	11,821	50,844	4,076	4,580	86,946	507,061
Fund Balances - End of Yea	<u>\$ -</u>	<u>\$ 436,223</u>	<u>\$ 4,561</u>	<u>\$ 24,840</u>	<u>\$ 19,818</u>	<u>\$ 49,178</u>	<u>\$ 2,601</u>	<u>\$ 4,617</u>	<u>\$ 87,167</u>	<u>\$ 629,005</u>

Town of Pomfret, Connecticut

Combining Balance Sheet
Capital Projects Funds
June 30, 2013

	School Building Committee	Recreation Park	Total Capital Projects Funds
ASSETS			
Cash and equivalents	<u>\$ 11,630</u>	<u>\$ 6,639</u>	<u>\$ 18,269</u>
FUND BALANCES			
Assigned	<u>\$ 11,630</u>	<u>\$ 6,639</u>	<u>\$ 18,269</u>

Town of Pomfret, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Capital Projects Funds
 Year Ended June 30, 2013

	School Building Committee	Recreation Park	Total Capital Projects Funds
REVENUES			
Local Revenue	\$ -	\$ 27	\$ 27
Fund Balances - Beginning of Year	<u>11,630</u>	<u>6,612</u>	<u>18,242</u>
Fund Balances - End of Year	<u>\$ 11,630</u>	<u>\$ 6,639</u>	<u>\$ 18,269</u>

Town of Pomfret, Connecticut

Combining Balance Sheet
 Permanent Funds
 June 30, 2013

	Cemetery Funds	Library Funds	Youth Fund	PCS Scholarship Trusts	Library E. Woods Memorial	Total Permanent Funds
ASSETS						
Cash and equivalents	<u>\$ 166,824</u>	<u>\$ 97,200</u>	<u>\$ 1,801</u>	<u>\$ 8,774</u>	<u>\$ 34,423</u>	<u>\$ 309,022</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	<u>\$ 869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869</u>
Fund balances						
Nonspendable	125,292	97,200	1,801	3,641	27,233	255,167
Restricted	<u>40,663</u>	<u>-</u>	<u>-</u>	<u>5,133</u>	<u>7,190</u>	<u>52,986</u>
Total Fund Balances	<u>165,955</u>	<u>97,200</u>	<u>1,801</u>	<u>8,774</u>	<u>34,423</u>	<u>308,153</u>
Total Liabilities and Fund Balances	<u>\$ 166,824</u>	<u>\$ 97,200</u>	<u>\$ 1,801</u>	<u>\$ 8,774</u>	<u>\$ 34,423</u>	<u>\$ 309,022</u>

Town of Pomfret, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Permanent Funds
 Year Ended June 30, 2013

	Cemetery Funds	Library Funds	Youth Fund	PCS Scholarship Trusts	Library E. Woods Memorial	Total Permanent Funds
REVENUES						
Local Revenue	\$ 2,031	\$ 780	\$ 14	\$ 68	\$ 274	\$ 3,167
EXPENDITURES						
Current Expenditures						
General Government	1,856	-	-	-	-	1,856
Education	-	-	-	232	-	232
Total Expenditures	<u>1,856</u>	<u>-</u>	<u>-</u>	<u>232</u>	<u>-</u>	<u>2,088</u>
Excess (Deficiency) of Revenues Over Expenditures	175	780	14	(164)	274	1,079
OTHER FINANCING USES						
Transfers out	-	(780)	(14)	-	-	(794)
Net Change in Fund Balances	175	-	-	(164)	274	285
Fund Balances - Beginning of Year	<u>165,780</u>	<u>97,200</u>	<u>1,801</u>	<u>8,938</u>	<u>34,149</u>	<u>307,868</u>
Fund Balances - End of Year	<u>\$ 165,955</u>	<u>\$ 97,200</u>	<u>\$ 1,801</u>	<u>\$ 8,774</u>	<u>\$ 34,423</u>	<u>\$ 308,153</u>

Town of Pomfret, Connecticut

Combining Statement of Net Position
 Agency Funds
 Year Ended June 30, 2013

	Balance Beginning	Additions	Deductions	Balance Ending
Student Activity Fund				
Assets				
Cash	<u>\$ 57,560</u>	<u>\$164,024</u>	<u>\$ (163,578)</u>	<u>\$ 58,006</u>
Liabilities				
Due to students	<u>\$ 57,560</u>	<u>\$164,024</u>	<u>\$ (163,578)</u>	<u>\$ 58,006</u>
Land Use Fees				
Assets				
Cash	<u>\$ (1,443)</u>	<u>\$ 26,437</u>	<u>\$ (15,821)</u>	<u>\$ 9,173</u>
Liabilities				
Due to others	<u>\$ (1,443)</u>	<u>\$ 26,437</u>	<u>\$ (15,821)</u>	<u>\$ 9,173</u>
Escrow Accounts				
Assets				
Cash	<u>\$ 43,798</u>	<u>\$ 68</u>	<u>\$ (5,261)</u>	<u>\$ 38,605</u>
Liabilities				
Due to others	<u>\$ 43,798</u>	<u>\$ 68</u>	<u>\$ (5,261)</u>	<u>\$ 38,605</u>
Combined Total				
Assets				
Cash	<u>\$ 99,915</u>	<u>\$190,529</u>	<u>\$ (184,660)</u>	<u>\$ 105,784</u>
Liabilities				
Due to students and others	<u>\$ 99,915</u>	<u>\$190,529</u>	<u>\$ (184,660)</u>	<u>\$ 105,784</u>

Town of Pomfret, Connecticut

Supplementary Schedules
June 30, 2013

Town of Pomfret, Connecticut

Report of the Property Tax Collector
Year Ended June 30, 2013

Grand List Year	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Collections During the Year				Transfer to Suspense	Net Ending Receivable Balance
			Additions	Deductions		Taxes	Interest	Liens	Total		
2011	-	\$ 8,266,380	\$ 4,057	\$ 66,000	\$8,204,437	\$8,061,838	\$26,507	\$ 1,861	\$8,090,206	\$ 234	\$ 142,365
2010	151,255	-	10	5,486	145,779	78,720	19,653	1,155	99,528	1,291	65,768
2009	58,600	-	-	3,033	55,567	40,114	15,130	557	55,801	2,748	12,705
2008	14,651	-	-	219	14,432	4,023	1,032	158	5,213	3,982	6,427
2007	11,656	-	-	-	11,656	11	16	6	33	10,712	933
2006	1,278	-	5	-	1,283	-	-	-	-	1,283	-
2005	72	-	-	-	72	-	-	-	-	72	-
	<u>\$ 237,512</u>	<u>\$ 8,266,380</u>	<u>\$ 4,072</u>	<u>\$ 74,738</u>	<u>\$8,433,226</u>	<u>\$8,184,706</u>	<u>\$62,338</u>	<u>\$ 3,737</u>	<u>\$8,250,781</u>	<u>\$ 20,322</u>	<u>\$ 228,198</u>

Town of Pomfret, Connecticut

Schedule of Changes in Fund Balance by Project
Capital Nonrecurring Fund
Year Ended June 30, 2013

	Beginning Fund Balance	Approved Budget Transfers	Revenues and New Debt	Current Year Expenditures	Internal Transfers	Ending Fund Balance	Eliminating Deficits per GASB 54	Reported Fund Balance
RESTRICTED FUND BALANCE								
Recreation Park								
Recreation fields	\$ 500	\$ -	\$ -	\$ -	\$ (500)	\$ -	\$ -	\$ -
Recreation fields fundraiser	2,652	-	7,283	(2,555)	(3)	7,377	-	7,377
Walking trails	4,875	-	-	-	97	4,972	-	4,972
Linking trails grant - State DEEP	-	-	11,135	(11,135)	-	-	-	-
NE regional trailhead grant - State DEEP	-	-	13,940	(13,987)	47	-	-	-
Vehicles and Equipment								
Emergency vehicles and equipment (EMPG)	(118)	-	3,118	(3,000)	-	-	-	-
Emergency vehicles and equipment (ETE)	(457)	-	457	-	-	-	-	-
Emergency vehicles and equipment (FEMA)	(1,577)	-	1,577	-	-	-	-	-
Emergency vehicles and equipment (JAG)	3,029	(20)	-	(3,009)	-	-	-	-
Emergency Plan and Preparedness (DEMHS)	-	-	2,300	(2,300)	-	-	-	-
Emergency Plan and Preparedness (DEEP)	-	-	1,200	(1,200)	-	-	-	-
Town Buildings								
School solar/roof project	(49,342)	30,000	-	-	12,910	(6,432)	6,432	-
Seely brown capital improvement	(3,467)	-	-	-	-	(3,467)	3,467	-
Rural utilities/sewer project (USDA)	(70)	-	-	(8,205)	-	(8,275)	8,275	-
Emergency shelter generator (DEMHS)	-	-	-	-	-	-	-	-
Energy grant - town hall renovation	150	-	-	-	-	150	-	150
Land Preservation								
Land preservation fees (LOCIP)	15,913	-	2,252	-	(23)	18,142	-	18,142
Land preservation fees - town clerk	4,970	-	748	-	25	5,743	-	5,743
Other								
Restoration of land records/indices	36,965	3,000	-	-	(1)	39,964	-	39,964
Historic records preservation	4,224	-	741	-	-	4,965	-	4,965
Grange/senior center (STEAP)	(7,146)	-	-	-	500	(6,646)	6,646	-
Airline trail - parking and kiosk (STEAP)	144	-	-	-	(144)	-	-	-
Old townhouse renovation (STEAP)	-	-	33,151	(33,151)	-	-	-	-
Tennis and basketball courts (STEAP)	-	-	-	-	-	-	-	-
Land purchase and bonds (USDA)	-	-	410,500	(410,500)	-	-	-	-
	<u>11,245</u>	<u>32,980</u>	<u>488,402</u>	<u>(489,042)</u>	<u>12,908</u>	<u>56,493</u>	<u>24,820</u>	<u>81,313</u>

(Continued)

Town of Pomfret, Connecticut

Schedule of Changes in Fund Balance by Project
Capital Nonrecurring Fund
Year Ended June 30, 2013

	Beginning Fund Balance	Approved Budget Transfers	Revenues and New Debt	Current Year Expenditures	Internal Transfers	Ending Fund Balance	Eliminating Deficits per GASB 54	Reported Fund Balance
COMMITTED FUND BALANCES								
Recreation Park								
Pomfret plan of development	-	10,000	-	(6,391)	-	3,609	-	3,609
Vehicles and Equipment								
Nonemergency vehicles/govt surplus	30,435	5,000	-	(4,500)	-	30,935	-	30,935
Nonemergency truck replacement	23,853	50,000	-	(56,474)	-	17,379	-	17,379
Nonemergency plows/sander	13,350	-	-	-	-	13,350	-	13,350
Radio replacement in trucks	295	-	-	-	-	295	-	295
Sander rack	3,500	-	-	-	-	3,500	-	3,500
Town Buildings								
Town hall addition	5,576	10,000	-	(14,146)	-	1,430	-	1,430
ADA Compliance	-	10,000	-	(408)	-	9,592	-	9,592
Library ramp	861	-	-	-	-	861	-	861
School parking lot improvements	(775)	-	-	-	(1)	(776)	776	-
School bathrooms	(2,946)	-	-	-	1,181	(1,765)	1,765	-
School boilers	(18,606)	-	-	-	18,606	-	-	-
School building maintenance	410	-	-	-	-	410	-	410
School classroom ceilings	2,677	-	-	-	-	2,677	-	2,677
School curbing repair	3,770	-	-	-	-	3,770	-	3,770
School equipment	-	10,000	-	(7,214)	-	2,786	-	2,786
School flooring	-	-	-	(5,686)	-	(5,686)	5,686	-
School stage curtains	14	-	-	-	-	14	-	14
School technology	(4,640)	20,000	-	(15,108)	-	252	-	252
School well	27,173	-	-	-	-	27,173	-	27,173
School renovation and rehabilitation	1,357	-	-	-	(1)	1,356	-	1,356
Library drain/BLDG improvements	13,501	-	-	(5,743)	-	7,758	-	7,758
Library parking lot	-	-	-	-	-	-	-	-
Murdock property	25,463	500	-	-	-	25,963	-	25,963
Salt shed/booker property	71,038	-	-	-	4	71,042	-	71,042
Senior center - patio	1,500	-	-	-	-	1,500	-	1,500
Land Acquisition								
Open space land acquisition	89,198	100	-	-	-	89,298	-	89,298
Land purchase/bonds	1,162,726	-	-	(483,480)	(1)	679,245	-	679,245
Other								
Long range planning	35,000	-	-	-	-	35,000	-	35,000
School facility needs	70,680	20,000	-	(57,984)	(32,696)	-	-	-
Computer/typewriter/office equipment	2,528	16,000	-	(10,331)	-	8,197	-	8,197
Office equipment	3,667	1,000	-	-	-	4,667	-	4,667
Revaluation	18,041	15,000	-	(12,342)	-	20,699	-	20,699
Loan consolidation/interest	200,872	365,000	-	(429,509)	-	136,363	-	136,363
	1,780,518	532,600	-	(1,109,316)	(12,908)	1,190,894	8,227	1,199,121
Unassigned Fund Balance	-	-	-	-	-	-	(33,047)	(33,047)
Total Fund Balance	\$ 1,791,763	\$ 565,580	\$ 488,402	\$ (1,598,358)	\$ -	\$ 1,247,387	\$ -	\$ 1,247,387

Town of Pomfret, Connecticut

Schedule of Changes in Fund Balance by Project
 Road and Bridge Projects Fund
 Year Ended June 30, 2013

	Beginning Balance	Transfers In	Annual Revenues	Internal Transfers	Annual Expenditures	Ending Fund Balance
Restricted Fund Balances						
Covell Road Bridge	\$ (87,600)	\$ -	\$ 198,959	\$ (89,912)	\$ (21,135)	\$ 312
Wolfdon Drive	-	-	10,078	-	-	10,078
	<u>(87,600)</u>	<u>-</u>	<u>209,037</u>	<u>(89,912)</u>	<u>(21,135)</u>	<u>10,390</u>
Committed Fund Balances						
Road Projects						
Longmeadow Drive	70,000	-	-	63,611	-	133,611
Fox Hill Road	-	50,000	-	-	-	50,000
River Road drainage	45,319	-	-	-	-	45,319
Wolf Den Drive - FEMA grants	10,078	-	(10,078)	24,271	-	24,271
Regrade gravel bank	15,935	-	-	-	-	15,935
Taft Pond Road	15,000	-	-	-	-	15,000
Covell Road	1,653	-	-	(309)	-	1,344
Wade Road - grind and repave	62,245	-	-	(62,245)	-	-
Allen Road	36,200	-	-	(36,200)	-	-
Brooklyn Road	11,653	-	-	(11,653)	-	-
Fay Road reclaim	(273)	-	-	273	-	-
Cheney Road	(14,032)	-	-	14,032	-	-
Stoddard Road	(14,032)	-	-	14,032	-	-
Culverts - Grosvenor	(27,107)	-	-	27,107	-	-
Dennis Road	(71,045)	80,000	-	(8,955)	-	-
Bridge Projects						
Wolf Den Drive/Covell Road	24,269	-	-	65,948	-	90,217
	<u>165,863</u>	<u>130,000</u>	<u>(10,078)</u>	<u>89,912</u>	<u>-</u>	<u>375,697</u>
Total Road and Bridge Projects	<u>\$ 78,263</u>	<u>\$ 130,000</u>	<u>\$ 198,959</u>	<u>\$ -</u>	<u>\$ (21,135)</u>	<u>\$ 386,087</u>

Town of Pomfret, Connecticut

Internal Control and Compliance Reports
June 30, 2013

**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***

**The Board of Finance
Town of Pomfret, Connecticut**

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Pomfret, Connecticut ("Town") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 15, 2014.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 of 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this report is not suitable for any other purposes.

O'Connor Davies, LLP

Wethersfield, Connecticut
January 15, 2014

Town of Pomfret, Connecticut

State Single Audit
June 30, 2013

Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

Independent Auditors' Report

**The Board of Finance
Town of Pomfret, Connecticut**

Report on Compliance for Each Major State Program

We have audited the Town of Pomfret, Connecticut's ("Town") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2013. The Town's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of 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.

Auditors' 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, 2013.

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 our 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 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 significant deficiencies or material weaknesses. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of 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 the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated January 15, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 taken as a whole.

O'Connor Davies, LLP

Wethersfield, Connecticut
January 15, 2014

Town of Pomfret, Connecticut

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2013

State Program Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
State Aid to Public Libraries	11000-CSL66051-17003	\$ 1,203
Connecticard	11000-CSL66051-17010	154
Department of Economic and Community Development		
Small Town Economic Assistance Program (ECD)	12052-ECD46555-42411	33,504
Culture, Tourism and Art Grant	11000-ECD46820-16196	978
Department of Judicial Services		
Non-Budgeted Operating Appropriations	34001-JUD95162-40001	2,265
Office of Policy and Management		
Property Tax Relief for Disability Exemption	11000-OPM20600-17011	420
Property Tax Relief for Elderly and Totally Disabled (CB)	11000-OPM20600-17018	17,200
Property Tax Relief for Elderly Homeowners - Freeze	11000-OPM20600-17021	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	5,770
PILOT on State Owned Property	11000-OPM20600-17004	48,962
Department of Education		
Child Nutrition Program (School Lunch State Match)	11000-SDE64370-16211	2,027
Health Foods Initiative	11000-SDE64370-16212	4,404
Adult Education	11000-SDE64370-17030	<u>6,328</u>
Total State Financial Assistance before Exempt Programs		<u>125,215</u>
EXEMPT PROGRAMS		
Department of Education		
Education Cost Sharing	11000-SDE64370-17041	3,144,522
Public School Transportation	11000-SDE64370-17027	53,251
Special Education - Excess Cost - Student Based	11000-SDE64370-17047	534,680
Office of the State Comptroller		
Grants to Towns	12009-OSC15910-17005	20,821
Office of Policy and Management		
Municipal Revenue Sharing	12060-OPM20600-35458	<u>64,237</u>
Total exempt programs		<u>3,817,511</u>
Total State Financial Assistance		<u><u>\$ 3,942,726</u></u>

See Accountants' Report

Town of Pomfret, Connecticut

Notes to the Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2013

1. Summary of Significant Accounting Policies

General

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of the Town of Pomfret, Connecticut ("Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2013. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

The information in the Schedule of Expenditures of State Financial Assistance is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements are prepared on the full 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 for the current period,
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as certain other expenditures, when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

The expenditures reported on the Schedule of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations of the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

Town of Pomfret, Connecticut

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' 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

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of 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:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development: Small Town Economic Assistance Program	12052-ECD46350-42411	\$33,504
Office of Policy and Management: PILOT on State Owned Property	11000-OPM20600-17004	\$48,962

Dollar threshold used to distinguish between type A and type B programs:

\$100,000

Section II - Financial Statement Findings

No matters were reported.

Section III - State Financial Assistance Findings and Questioned Costs

No findings or questioned cost are reported relating to State financial assistance programs.