

**Town of Pomfret, Connecticut**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2014

## Town of Pomfret, Connecticut

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Year Ended June 30, 2014

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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Pomfret, Connecticut ("Town") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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, 2014, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparison information and the Schedule of Funding Progress for Pensions and Other Post-Employment Benefits 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 December 11, 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*

December 11, 2014

**Town of Pomfret, Connecticut**

Management's Discussion and Analysis  
June 30, 2014

**Town of Pomfret, Connecticut  
Management's Discussion and Analysis  
June 30, 2014**

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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, 2014. 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 position increased by \$164,887. The net position is a measure of the Town's long term health. It is reported in exhibits 1 and 2.
- An increase in the general fund was seen in the fiscal year ending June 2014. This was due to the General Government's expenditures coming in under budget. Revenues in excess of plan also led to the increase in the General Fund.
- The Board of Education's expenditures also came in below budget. This surplus was put into a designated fund for use by the BOE for capital expenditures in the coming years.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position 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 position* and changes in them. You can think of the Government's net position—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 position 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.

**Town of Pomfret, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2014**

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

- **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 Position 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 Position 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, 2014**

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**THE GOVERNMENT AS A WHOLE**

The Government's *combined* net position increased by \$164,887 from a year ago—*increasing* from \$14,032,655 to \$14,197,542. Last year net position *decreased* by \$53,865. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Government.

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

	2014	Change During Year		2013
		Dollars	Percent	
Current and other assets	\$ 5,286,306	\$ 225,017	4.45%	\$ 5,061,289
Capital assets	15,805,229	(354,968)	-2.20%	16,160,197
Total assets	<u>21,091,535</u>	<u>(129,951)</u>	-0.61%	<u>21,221,486</u>
Long-term debt outstanding	6,105,930	3,605	0.06%	6,102,325
Other liabilities	779,472	(307,034)	-28.26%	1,086,506
Total liabilities	<u>6,885,402</u>	<u>(303,429)</u>	-4.22%	<u>7,188,831</u>
Net position				
Net investment in capital assets	11,346,229	(101,968)	-0.89%	11,448,197
Restricted				
Expendable	756,817	66,251	9.59%	690,566
Nonexpendable	260,870	5,703	2.24%	255,167
Unrestricted	1,833,626	194,901	11.89%	1,638,725
Total net position	<u>\$ 14,197,542</u>	<u>\$ 164,887</u>	1.18%	<u>\$ 14,032,655</u>

- Capital assets decreased due to \$660,138 in depreciation expense and \$321,682 of additions (which includes road work, a \$55,000 dump truck, PCS parking lot resurfacing of \$65,063).
- Accounts payable in the general fund decreased by \$379,783 this year. This was mainly due to a \$350,171 cash overdraft at the end of 2013.

**Town of Pomfret, Connecticut  
Management's Discussion and Analysis  
June 30, 2014**

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

	2014	Change During Year		2013
		Dollars	Percent	
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 301,209	\$ 49,910	19.86%	\$ 251,299
Operating grants and contributions	5,062,653	282,831	5.92%	4,779,822
Capital grants and contributions	72,351	(462,981)	-86.48%	535,332
General revenues:				
Property taxes	8,728,724	379,280	4.54%	8,349,444
Grants and contributions	108,751	(1,635)	-1.48%	110,386
Interest and investment earnings	40,195	1,229	3.15%	38,966
Gain (loss) on disposal of equipment	1,300	13,941	-110.28%	(12,641)
Other general revenues	37,064	16,940	84.18%	20,124
Total revenues	<u>14,352,247</u>	<u>279,515</u>	1.99%	<u>14,072,732</u>
<b>Program expenses</b>				
General government	1,322,551	(300,083)	-18.49%	1,622,634
Public safety	126,666	3,050	2.47%	123,616
Public works	778,773	37,761	5.10%	741,012
Education	11,791,666	325,698	2.84%	11,465,968
Interest on long-term debt	167,704	(5,663)	-3.27%	173,367
Total expenses	<u>14,187,360</u>	<u>60,763</u>	0.43%	<u>14,126,597</u>
Increase (decrease) in net position	<u>\$ 164,887</u>	<u>\$ 218,752</u>	-406.11%	<u>\$ (53,865)</u>

- Operating grants - \$121,343 more in TAR grants in 2014, a new Education Grant for technology of \$40,668, and \$96,896 more in teachers retirement on behalf payments made by the State.
- Capital grants - grants received in CNR in 2013 for land and development rights.
- Property taxes - 0.77 increase in the mil rate and higher collections.
- General government expense - \$429,509 loan consolidation in 2013.
- Education expense – budget was \$231,806 higher than last year

**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, 2014**

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**Table 3  
Governmental Type Activities**

	Total Cost of Services		Incr. Decr.	Net Cost of Services		Incr. Decr.
	2014	2013		2014	2013	
<b>Governmental Activities</b>						
General government	\$ 1,322,551	\$ 1,622,634	-18.49%	\$ 1,046,799	\$ 918,654	13.95%
Public safety	126,666	123,616	2.47%	126,666	123,616	2.47%
Public works	778,773	741,012	5.10%	536,123	610,124	-12.13%
Education	11,791,666	11,465,968	2.84%	6,873,855	6,734,383	2.07%
Interest on long-term debt	167,704	173,367	-3.27%	167,704	173,367	-3.27%
<b>Totals</b>	<b>\$ 14,187,360</b>	<b>\$ 14,126,597</b>	<b>0.43%</b>	<b>\$ 8,751,147</b>	<b>\$ 8,560,144</b>	<b>2.23%</b>

Changes are discussed above.

**THE GOVERNMENT'S FUNDS**

Fund balance increased overall by \$521,599. Biggest change was in the general fund – increase of \$414,260. No depreciation expense (\$660,138) in fund balance. Capital asset purchases (\$321,682) and principal payments (253,000) are recorded as an expense on exhibit 4. Change in OPEB liabilities (266,961) are not recorded as an expense on exhibit 4.

**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, 2014**

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**Table 4  
General Fund - Budget Summary**

	<b>Final</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Property Taxes	\$ 8,537,616	\$ 8,638,528	\$ 100,912
Funds and Reserves	59,095	59,023	(72)
Intergovernmental	3,299,607	3,404,068	104,461
Local Revenue	167,724	214,249	46,525
<b>Total Revenues</b>	<b>12,064,042</b>	<b>12,315,868</b>	<b>251,826</b>
<b>Expenditures</b>			
General Government	2,443,832	2,290,337	153,495
Education	9,703,802	9,611,271	92,531
<b>Total Expenditures</b>	<b>12,147,634</b>	<b>11,901,608</b>	<b>246,026</b>
<b>Increase (Decrease) in Fund Balance</b>	<b>\$ (83,592)</b>	<b>\$ 414,260</b>	<b>\$ 497,852</b>

The Overall Fund Balance was positively influenced by under expenditures relative to budget for the Board of Education and the General Government. Revenues above planned also added to the increase in the Fund Balance.

Significant variances are summarized as follows:

- Property tax collections are over budget because of increases in the grand list and prior taxes collected.
- Intergovernmental revenues are over budget due to grants not budgeted for but state ended up disbursing (i.e. Municipal Aid \$26,145)
- Local revenues – building permits are up (\$21,268 over budget). This was due to large building projects at Pomfret and Rectory Schools.
- Expenditures – general government \$153,495 under budget, BOE \$92,531 under budget
  - a. General Government \$53,915 under budget – various line items
  - b. Public Works - \$95,770 under budget – roads & drainage \$51,292 and fleet maintenance \$21,648 under budget

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of this year, the Government had \$15,805,229 invested government activity capital assets. This amount represents a net decrease (including additions and deductions) of \$354,968 from last year. This is primarily due to depreciation expense and fewer assets

**Town of Pomfret, Connecticut  
Management's Discussion and Analysis  
June 30, 2014**

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capitalized this year. Depreciation expense of \$660,138, new assets including Road work, a \$55,000 dump truck, PCS parking lot resurfacing of \$65,063). More detailed information about the Government's capital assets is presented in Note 3D to the financial statements.

**Debt**

At year end, the Government had \$4,459,000 in bonds and notes outstanding. This is a decrease of \$253,000 from last year. The Government's general obligation bond rating is currently not listed. More detailed information about the Government's long-term liabilities is presented in Note 3E 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 2014 budget and tax rate. The improvement in the General Fund balance and the reduced dependence on the fund balance to balance the budget has improved the overall fiscal health of the Town. We are seeing steadily improving job market conditions and economic growth along with improvements in the real estate market (there was roughly a 1% drop in the unemployment rate comparing December 2013 with December 2012). The rate of taxation in Pomfret per capita was reported to be 141<sup>st</sup> out of the 169 towns in Connecticut.

**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, 2014

## Town of Pomfret, Connecticut

Statement of Net Position  
June 30, 2014

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 3,362,918
Investments	1,646,535
Receivables	
Taxes, net	260,021
Accounts	660
Intergovernmental	14,910
Inventory	1,262
Capital assets	
Nondepreciable	5,685,421
Depreciable, net of accumulated depreciation	<u>10,119,808</u>
Total Assets	<u>21,091,535</u>
<b>LIABILITIES</b>	
Accounts payable	242,979
Accrued payroll and related	25,345
Intergovernmental payable	431,062
Unearned revenue - performance	27,139
Accrued interest payable	61,538
Non-current liabilities	
Due within one year	277,637
Due in more than one year	<u>5,828,293</u>
Total Liabilities	<u>6,893,993</u>
<b>NET POSITION</b>	
Net investment in capital assets	11,346,229
Restricted	
Expendable	756,817
Nonexpendable	260,870
Unrestricted	<u>1,833,626</u>
Total Net Position	<u>\$ 14,197,542</u>

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

## Town of Pomfret, Connecticut

Statement of Activities  
Year Ended June 30, 2014

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	\$ (1,322,551)	\$ 189,256	\$ 14,145	\$ 72,351	\$ (1,046,799)
Public safety	(126,666)	-	-	-	(126,666)
Public works	(777,473)	-	242,650	-	(534,823)
Education	(11,791,666)	111,953	4,805,858	-	(6,873,855)
Interest on long-term debt	(167,704)	-	-	-	(167,704)
Total Governmental Activities	<u>\$ (14,186,060)</u>	<u>\$ 301,209</u>	<u>\$ 5,062,653</u>	<u>\$ 72,351</u>	<u>(8,749,847)</u>
General Revenues					
Property taxes, payments in lieu of taxes, interest and liens					8,728,724
Grants and contributions not restricted to specific programs					108,751
Unrestricted interest and investment earnings					40,195
Gain on disposal of equipment					-
Other general revenues					37,064
Total General Revenues					<u>8,914,734</u>
Change in Net Position					164,887
Net Position - Beginning of Year					<u>14,032,655</u>
Net Position - End of Year					<u>\$ 14,197,542</u>

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



## Town of Pomfret, Connecticut

Balance Sheet  
Governmental Funds  
June 30, 2014

	General Fund	Capital Nonrecurring Fund	Road and Bridges Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and equivalents	\$ 602,924	\$ 1,251,383	\$ 463,516	\$ 1,045,095	\$ 3,362,918
Investments	1,646,535	-	-	-	1,646,535
Taxes receivable, net of allowance for uncollectible amounts	260,021	-	-	-	260,021
Other receivables					
Accounts	660	-	-	-	660
Intergovernmental	730	8,433	-	5,747	14,910
Inventories	-	-	-	1,262	1,262
Total Assets	<u>\$ 2,510,870</u>	<u>\$ 1,259,816</u>	<u>\$ 463,516</u>	<u>\$ 1,052,104</u>	<u>\$ 5,286,306</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 209,734	\$ 25,421	\$ -	\$ 7,824	\$ 242,979
Accrued payroll and related	25,345	-	-	-	25,345
Intergovernmental payable	428,998	-	-	2,064	431,062
Unearned revenues - performance	-	-	-	27,139	27,139
Total Liabilities	<u>664,077</u>	<u>25,421</u>	<u>-</u>	<u>37,027</u>	<u>726,525</u>
Deferred inflows of resources					
Deferred revenues - unavailable	<u>210,873</u>	<u>8,433</u>	<u>-</u>	<u>135</u>	<u>219,441</u>
Fund balances (deficits)					
Nonspendable	-	-	-	262,132	262,132
Restricted	-	97,067	10,078	649,672	756,817
Committed	-	1,142,268	453,438	-	1,595,706
Assigned	419,108	-	-	103,138	522,246
Unassigned	<u>1,216,812</u>	<u>(13,373)</u>	<u>-</u>	<u>-</u>	<u>1,203,439</u>
Total Fund Balances	<u>1,635,920</u>	<u>1,225,962</u>	<u>463,516</u>	<u>1,014,942</u>	<u>4,340,340</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,510,870</u>	<u>\$ 1,259,816</u>	<u>\$ 463,516</u>	<u>\$ 1,052,104</u>	<u>\$ 5,286,306</u>

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

**Town of Pomfret, Connecticut**
 Reconciliation of Governmental Funds Balance Sheet  
 to the Government Wide Statement of Net Position - Governmental Activities  
 June 30, 2014
 

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Fund Balances - Total Governmental Funds	<u>\$ 4,340,340</u>
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.	<u>15,805,229</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>219,441</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(4,459,000)
Claims and judgments	(2,636)
Compensated absences	(440,025)
Other post employment benefits	(1,204,269)
Accrued interest payable	<u>(61,538)</u>
	<u>(6,167,468)</u>
Net Position of Governmental Activities	<u>\$14,197,542</u>

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

## Town of Pomfret, Connecticut

## Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

Year Ended June 30, 2014

	General Fund	Capital Nonrecurring Fund	Road and Bridges Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 8,638,528	\$ -	\$ -	\$ -	\$ 8,638,528
Intergovernmental	4,658,385	16,593	-	613,578	5,288,556
Local revenue	<u>226,270</u>	<u>43,848</u>	<u>-</u>	<u>145,576</u>	<u>415,694</u>
Total Revenues	<u>13,523,183</u>	<u>60,441</u>	<u>-</u>	<u>759,154</u>	<u>14,342,778</u>
<b>EXPENDITURES</b>					
Current					
General government	1,122,954	-	-	59,485	1,182,439
Public safety	73,531	-	-	-	73,531
Public works	308,641	-	52,571	177,563	538,775
Education	10,876,672	-	-	474,245	11,350,917
Debt Service					
Principal retirement	253,000	-	-	-	253,000
Interest and fiscal charges	169,839	-	-	-	169,839
Capital outlay	<u>-</u>	<u>252,678</u>	<u>-</u>	<u>-</u>	<u>252,678</u>
Total Expenditures	<u>12,804,637</u>	<u>252,678</u>	<u>52,571</u>	<u>711,293</u>	<u>13,821,179</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>718,546</u>	<u>(192,237)</u>	<u>(52,571)</u>	<u>47,861</u>	<u>521,599</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	74,302	228,607	130,000	16,518	449,427
Transfers out	<u>(375,111)</u>	<u>(57,795)</u>	<u>-</u>	<u>(16,521)</u>	<u>(449,427)</u>
Total Other Financing Sources (Uses)	<u>(300,809)</u>	<u>170,812</u>	<u>130,000</u>	<u>(3)</u>	<u>-</u>
Net Change in Fund Balances	417,737	(21,425)	77,429	47,858	521,599
Fund Balances - Beginning of Year	<u>1,218,183</u>	<u>1,247,387</u>	<u>386,087</u>	<u>967,084</u>	<u>3,818,741</u>
Fund Balances - End of Year	<u>\$ 1,635,920</u>	<u>\$ 1,225,962</u>	<u>\$ 463,516</u>	<u>\$ 1,014,942</u>	<u>\$ 4,340,340</u>

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

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2014

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

Net Change in Fund Balances - Total Governmental Funds	<u>521,599</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 depreciation expense exceeded capital outlay in the current period.</p>	
Capital outlay expenditures	305,170
Depreciation expense	<u>(660,138)</u>
	<u>(354,968)</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	(8,842)
Revenues in the Capital Nonrecurring Fund	8,433
Revenues in the Recreation Commission fund	<u>135</u>
	<u>(274)</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>253,000</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	2,135
Claims	6,812
Compensated absences	3,544
Pension and other post employment benefits asset/liability	<u>(266,961)</u>
	<u>(254,470)</u>
Change in Net Position of Governmental Activities	<u>\$ 164,887</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, 2014

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 90,046
Accounts Receivable	<u>5,084</u>
Total Assets	<u>\$ 95,130</u>
<b>LIABILITIES</b>	
Due to students and others	<u>\$ 95,130</u>

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

## Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 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.

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, 2014

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### 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, committed or assigned 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 300<sup>th</sup> 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.

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.

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.



## Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

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.

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.

**1. Summary of Significant Accounting Policies (Continued)**

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.

**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.

## Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

**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.

**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 1<sup>st</sup>. The tax levy is divided into two billings; the following July 1<sup>st</sup> and January 1<sup>st</sup>. This is used to finance the fiscal year from the first billing (July 1<sup>st</sup>) to June 30<sup>th</sup> 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 1<sup>st</sup> and February 1<sup>st</sup>), 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.

## Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

**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.

**Deferred Charges** - Deferred charges in the government-wide financial statements represent the unamortized portion of the cost of issuance of bonds. These costs are being amortized over the term of the respective bond issue.

**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, 2014, 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:

## Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

<b>Assets</b>	<b>Years</b>	<b>Capitalization Threshold</b>
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

**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.

## Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

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.

**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 is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.

## Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. 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 and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

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.

#### 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, liabilities, deferred inflows and outflows 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 December 11, 2014.

## Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 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.
- **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.



## Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 2. Stewardship, Compliance and Accountability (Continued)

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 onetime 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.

Additional Appropriations of \$16,148 were added to the capital and non-recurring line.

#### D. Fund Deficit

The Capital Nonrecurring Fund has an unassigned deficit of \$13,373 at June 30, 2014. This deficit is primarily the result of timing issues where the reimbursements were not received within 60 days.

#### E. Application of Accounting Standards

For the year ended June 30, 2014, the Town implemented:

- GASB Statement 66 – *Technical Corrections - 2012* – This statement resolves conflicting guidance.
- GASB Statement 67 – *Financial Reporting for Pension Plans* – This statement amends GASB Statement 25.
- 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.

**Town of Pomfret, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2014

**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, 2014:

**Statement of Net Position**

Cash and equivalents	\$ 3,362,918
Investments	1,646,535
	<u>5,009,453</u>

**Fiduciary Funds**

Cash and equivalents	90,046
Total Cash and Investments	<u>\$ 5,099,499</u>

**Cash and Cash Equivalents** - As of June 30, 2014 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 2,543,042
Plus external investment pools	2,556,457
Less Certificates of deposits (in investments)	(1,646,535)
	<u>\$ 3,452,964</u>

The bank balance of the deposits was \$2,732,324 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 963,975
Collateralized by securities held in trust	
Not in the Town's name	409,074
Uninsured and uncollateralized	1,359,275
	<u>\$ 2,732,324</u>

**Investments** – The General Fund had investments of \$1,646,535. Below is a summary of the interest rate risk and credit risk as of June 30, 2014

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	*	\$ 1,646,535	\$ 833,525	\$ 813,010	\$ -

\* **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.

**Town of Pomfret, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

**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 following were reported as *deferred revenue* because they were not received within 60 days of the year end.

	General Fund	Capital Nonrecurring Fund	Other Governmental Funds
Property taxes	210,873	-	-
Intergovernmental revenue	-	8,433	-
Other	-	-	135
	<u>\$ 210,873</u>	<u>\$ 8,433</u>	<u>\$ 135</u>

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2014.

	Other Governmental Funds
Advances on grants	<u>\$ 27,139</u>

**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, 2014 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, 2014 were as follows:

	Transfers into				Total
	General Fund	Capital Nonrecurring Fund	Road and Bridge Projects	Other Governmental Funds	
Transfers out of					
General Fund	\$ 1	\$ 228,607	\$ 130,000	\$ 16,503	\$ 375,111
Capital Nonrecurring	57,795	-	-	-	57,795
Other governmental funds	16,506	-	-	15	16,521
	<u>\$ 74,302</u>	<u>\$ 228,607</u>	<u>\$ 130,000</u>	<u>\$ 16,518</u>	<u>\$ 449,427</u>

**Town of Pomfret, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

**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	4,053,416	-	-	4,053,416
	<u>5,685,421</u>	<u>-</u>	<u>-</u>	<u>5,685,421</u>
Capital assets being depreciated				
Buildings and systems	11,435,335	124,228	-	11,559,563
Land improvements	1,094,201	35,773	-	1,129,974
Machinery and equipment	1,389,936	56,939	(39,000)	1,407,875
Infrastructure	4,168,293	88,230	-	4,256,523
	<u>18,087,765</u>	<u>305,170</u>	<u>(39,000)</u>	<u>18,353,935</u>
Less accumulated depreciation	<u>(7,612,989)</u>	<u>(660,138)</u>	<u>39,000</u>	<u>(8,234,127)</u>
	<u>\$ 16,160,197</u>	<u>\$ (354,968)</u>	<u>\$ -</u>	<u>\$ 15,805,229</u>

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

General government	\$ 133,503
Public works	273,013
Education	253,622
	<u>\$ 660,138</u>

**E. Long-Term Liabilities**

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 4,712,000	\$ -	\$ (253,000)	\$ 4,459,000	\$ 253,000
Claims and judgments	9,448		(6,812)	2,636	2,636
Compensated absences	443,569		(3,544)	440,025	22,001
OPEB obligations	937,308	290,049	(23,088)	1,204,269	-
	<u>\$ 6,102,325</u>	<u>\$ 290,049</u>	<u>\$ (286,444)</u>	<u>\$ 6,105,930</u>	<u>\$ 277,637</u>

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

**Town of Pomfret, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

**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, 2014 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>\$ 4,459,000</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
2015	\$ 253,000	\$ 164,103	2024	\$ 255,000	\$ 99,450
2016	253,000	158,410	2025	255,000	89,250
2017	253,000	152,718	2026	255,000	79,050
2018	180,000	147,025	2027	255,000	68,850
2019	230,000	141,175	2028	255,000	58,650
2020	230,000	133,700	2029	255,000	46,920
2021	255,000	126,225	2030	255,000	35,190
2022	255,000	117,938	2031	255,000	23,460
2023	255,000	109,650	2032	255,000	11,730
				<u>\$ 4,459,000</u>	<u>\$ 1,763,494</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2014 totaled \$167,704.

**Claims and Judgments**

The Town has a structured settlement to pay a supplemental premium assessment to the Municipal Interlocal Risk Management Agency (MIRMA). An outstanding balance of \$2,636 is due on July 1, 2014.

**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.

**Town of Pomfret, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

**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					8,638,528
Total tax collections (including interest and lien fees) for the year - coterminous governments					365,937
Debt limitation base					<u>\$ 9,004,465</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 20,260,046	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	40,520,093	-	-	-
3 3/4 times base	-	-	33,766,744	-	-
3 1/4 times base	-	-	-	29,264,511	-
3 times base	-	-	-	-	27,013,395
Total debt limitation	<u>20,260,046</u>	<u>40,520,093</u>	<u>33,766,744</u>	<u>29,264,511</u>	<u>27,013,395</u>
Indebtedness					
Bonds payable					
Town	3,923,920	535,080	-	-	-
Fire District	123,245	-	-	-	-
Total indebtedness	<u>4,047,165</u>	<u>535,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 16,212,881</u>	<u>\$ 39,985,013</u>	<u>\$ 33,766,744</u>	<u>\$ 29,264,511</u>	<u>\$ 27,013,395</u>

In no case shall total indebtedness exceed seven times the annual receipts from taxation \$ 63,031,255

**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.

**Town of Pomfret, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2014

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**3. Detailed Notes on All Funds (Continued)**

*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:

Trust principal	<u>\$ 260,870</u>
-----------------	-------------------

*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	\$ 46,816
Education	8,240
Public Works	511,388
Culture and Recreation	93,306
Capital Projects	97,067
	<u>\$ 756,817</u>

*Unrestricted* - all other amounts 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:

	General Fund	Capital Nonrecurring Fund	Road and Bridge Projects	Other Governmental Funds
<b>Nonspendable</b>				
Not in spendable form				
Inventories	\$ -	\$ -	\$ -	\$ 1,262
Required to be maintained				
Trust principal	-	-	-	260,870
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,132</u>
<b>Restricted</b>				
General Government	\$ -	\$ -	\$ -	\$ 46,816
Education	-	-	-	\$ 8,240
Public Works	-	-	10,078	501,310
Culture and Recreation	-	-	-	93,306
Capital Projects	-	97,067	-	-
	<u>\$ -</u>	<u>\$ 97,067</u>	<u>\$ 10,078</u>	<u>\$ 649,672</u>

**Town of Pomfret, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2014

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**3. Detailed Notes on All Funds (Continued)**

	General Fund	Capital Nonrecurring Fund	Road and Bridge Projects	Other Governmental Funds
<b>Committed</b>				
Public Works	\$ -	\$ -	\$ 453,438	\$ -
Capital Projects	-	1,142,268	-	-
	<u>\$ -</u>	<u>\$ 1,142,268</u>	<u>\$ 453,438</u>	<u>\$ -</u>
<b>Assigned</b>				
General Government	\$ 210,550	\$ -	\$ -	\$ 62,740
Education	183,558	-	-	344
Public Works	-	-	-	11,630
Culture and Recreation	-	-	-	28,424
To balance next year's budget	25,000	-	-	-
	<u>\$ 419,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,138</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.

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, 2014, the State contributed \$691,486 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, 2014 was \$4,880,591 of which \$2,790,303 was covered under this pension plan.



**Town of Pomfret, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2014

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**3. Detailed Notes on All Funds (Continued)**

**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	\$ 516,480	\$ 38,000	7.4%
Board of Education	770,628	41,195	5.3%
	<u>\$ 1,287,108</u>	<u>\$ 79,195</u>	6.2%

**I. Other Post-Employment Benefits**

**Plan Description** - The Town provides certain health care benefits for retired employees through the Pomfret Public Schools Other Post Employment Benefit Program ("OPEB") which 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.

**Funding Policy**

Retired teachers and administrators and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing town. The contribution requirements of plan members and the Town are established and may be amended by the Town. All retirees are required to pay 100% of the premiums less the amount paid to the town by the Teachers' Retirement Board. The Town is not required to fund the plan.

**Town of Pomfret, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2014

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**3. Detailed Notes on All Funds (Continued)**

**Annual OPEB Cost (“AOC”) and Net OPEB Obligation (“NOO”)**

Amortization Component:	
Actuarial Accrued Liability as of June 30, 2013	\$ 2,852,274
Assets at Market Value	-
Unfunded Actuarial Accrued Liability	<u>\$ 2,852,274</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 3,340,489</u>
UAAL as a percentage of Covered Payroll	<u>85.38%</u>
Annual required contribution	\$ 291,390
Interest on net OPEB obligation	32,806
Adjustment to Annual Required Contribution	<u>(34,147)</u>
Annual OPEB cost	290,049
Age adjusted contributions made	<u>(23,088)</u>
Increase in net OPEB obligation	266,961
Net OPEB obligation - beginning of the year	<u>937,308</u>
	<u>\$ 1,204,269</u>

Three year trend information is as follows

Year Ended June 30	Annual OPEB Cost	Actual Contribution Made	Percentage of AOC Contributed	Net OPEB Obligation
2014	\$ 290,049	\$ 23,088	7.96%	\$ 1,204,269
2013	\$ 282,211	\$ 20,202	7.16%	\$ 937,308
2012	\$ 274,961	\$ 86,480	31.5%	\$ 675,299

**Actuarial Methods and Signification Assumptions** - The Town’s annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB. GASB establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees’ medical insurance. As a result, reporting of expenses and liabilities is using a per capita claims cost will be determined, which will be used to determine a “normal cost”, an “actuarial accrued liability”, and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

## Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 3. Detailed Notes on All Funds (Continued)

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis.

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.

Other actuarial methods and significant assumptions are summarized as follows:

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

As of the last valuation date, July 1, 2012, the actuarial valuation of the plan assets was \$0. The actuarial accrued liability was \$2,852,274. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan has not been funded.

### 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.

## Town of Pomfret, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 4. Other Information (Continued)

#### 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.

#### D. 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 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 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* – This statement is an amendment of GASB Statement 68 and should be applied simultaneously with the provisions of Statement 68.

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**Town of Pomfret, Connecticut**

Required Supplementary Information  
June 30, 2014

**Town of Pomfret, Connecticut**

Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis) - General Fund  
 Year Ended June 30, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>REVENUES</b>					
<b>Taxation Effort</b>					
Property taxes	\$ 8,312,616	\$ -	\$ 8,312,616	\$ 8,338,263	\$ 25,647
Prior taxes	100,000	-	100,000	127,279	27,279
Interest and lien fees	50,000	-	50,000	74,916	24,916
Supplemental motor vehicle taxes	60,000	-	60,000	81,179	21,179
Miscellaneous tax fees	3,000	-	3,000	6,138	3,138
Overpayments and refunds	12,000	-	12,000	10,753	(1,247)
	<u>8,537,616</u>	<u>-</u>	<u>8,537,616</u>	<u>8,638,528</u>	<u>100,912</u>
<b>Funds and Reserves</b>					
Capital	57,795	-	57,795	57,795	-
Canine control	1,300	-	1,300	1,228	(72)
	<u>59,095</u>	<u>-</u>	<u>59,095</u>	<u>59,023</u>	<u>(72)</u>
<b>Intergovernmental Revenue - Education</b>					
Education cost sharing	3,133,660	-	3,133,660	3,133,660	-
Special education	6,063	-	6,063	-	(6,063)
Transportation aid	-	-	-	46,953	46,953
	<u>3,139,723</u>	<u>-</u>	<u>3,139,723</u>	<u>3,180,613</u>	<u>40,890</u>
<b>Intergovernmental Revenue - Town</b>					
Mashantucket Pequot grant	17,109	-	17,109	20,304	3,195
Circuit breaker	19,483	-	19,483	20,263	780
PILOT - State owned property	-	-	-	43,176	43,176
PILOT - disability	445	-	445	419	(26)
Circuit court	1,800	-	1,800	2,100	300
Library grant	1,350	-	1,350	1,384	34
Miscellaneous	40,105	-	40,105	61,747	21,642
Telephone access	25,000	-	25,000	21,254	(3,746)
PILOT - veterans exemption	6,220	-	6,220	5,483	(737)
Local capital improvement program	48,372	-	48,372	47,325	(1,047)
	<u>159,884</u>	<u>-</u>	<u>159,884</u>	<u>223,455</u>	<u>63,571</u>
<b>Departmental Revenue</b>					
Investment income	30,000	-	30,000	36,702	6,702
Miscellaneous local education	-	-	-	800	800
School fund	5	-	5	5	-
Hammond	55	-	55	61	6
Overlock	39	-	39	42	3
Averill	650	-	650	689	39
Miscellaneous local	1,500	-	1,500	14,815	13,315
Contributions/rent	34,000	-	34,000	23,000	(11,000)
Assessor	46	-	46	601	555
Selectmen	1,500	-	1,500	2,450	950
Pomfret Fire District	3,150	-	3,150	2,400	(750)
Yield tax	-	-	-	1,520	1,520
Registrars	50	-	50	-	(50)
Building inspector	25,000	-	25,000	46,268	21,268
Cemeteries	9	-	9	21	12
	<u>96,004</u>	<u>-</u>	<u>96,004</u>	<u>129,374</u>	<u>33,370</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, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>Town Clerk</b>					
Conveyance	20,000	-	20,000	30,658	10,658
Recording	20,000	-	20,000	18,582	(1,418)
Photocopies	3,500	-	3,500	3,726	226
Vitals	3,500	-	3,500	4,513	1,013
Dog fund fees	390	-	390	378	(12)
Sport license	130	-	130	111	(19)
Miscellaneous	200	-	200	233	33
Map filing	200	-	200	120	(80)
Land desclassification	5,000	-	5,000	8,149	3,149
	<u>52,920</u>	<u>-</u>	<u>52,920</u>	<u>66,470</u>	<u>13,550</u>
<b>Commissions</b>					
Planning commission	1,500	-	1,500	3,078	1,578
Inland wetlands	1,500	-	1,500	714	(786)
Recreation commission	15,000	-	15,000	14,461	(539)
Zoning board of appeals	300	-	300	152	(148)
Senior center	500	-	500	-	(500)
	<u>18,800</u>	<u>-</u>	<u>18,800</u>	<u>18,405</u>	<u>(395)</u>
<b>Total Revenues</b>	<u>12,064,042</u>	<u>-</u>	<u>12,064,042</u>	<u>12,315,868</u>	<u>251,826</u>
<b>EXPENDITURES</b>					
<b>General Government</b>					
Board of finance	25,195	-	25,195	19,546	5,649
Board of selectmen	114,304	(1,510)	112,794	108,938	3,856
Treasurer	32,355	(45)	32,310	31,979	331
Tax collector	76,978	-	76,978	71,804	5,174
Tax assessor	60,845	-	60,845	57,650	3,195
Board of assessment appeals	900	-	900	732	168
Planning & zoning commission	29,268	-	29,268	26,831	2,437
Conservation commission	1,050	-	1,050	581	469
Inland wetlands commission	23,492	-	23,492	22,001	1,491
Zoning board of appeals	1,250	-	1,250	523	727
Regional grants	20,535	-	20,535	20,535	-
Water pollution control	800	1,510	2,310	1,507	803
Economic development	700	-	700	523	177
Town counsel	10,000	-	10,000	5,104	4,896
Probate court	3,200	-	3,200	2,200	1,000
Town clerk	71,265	-	71,265	68,718	2,547
Central services	37,680	-	37,680	26,417	11,263
Elections & primaries	10,500	-	10,500	4,891	5,609
Registrars of voters	10,579	-	10,579	10,471	108
Town hall	42,000	-	42,000	37,985	4,015
	<u>572,896</u>	<u>(45)</u>	<u>572,851</u>	<u>518,936</u>	<u>53,915</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, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>Public Safety</b>					
Fire marshal	10,300	-	10,300	9,000	1,300
Civil preparedness	1,425	-	1,425	691	734
Canine control	12,980	34	13,014	13,014	-
	<u>24,705</u>	<u>34</u>	<u>24,739</u>	<u>22,705</u>	<u>2,034</u>
<b>Public Works</b>					
Roads & drainage	270,300	-	270,300	219,008	51,292
Snow removal	85,000	(8,550)	76,450	67,536	8,914
Town garage	16,875	607	17,482	17,482	-
Fleet maintenance	81,825	(12,000)	69,825	48,177	21,648
Bulky waster/recycling	24,200	-	24,200	20,396	3,804
Cemeteries	7,850	-	7,850	7,450	400
Grounds/park maintenance	18,950	-	18,950	18,143	807
Building inspection	15,860	-	15,860	14,896	964
	<u>520,860</u>	<u>(19,943)</u>	<u>500,917</u>	<u>413,088</u>	<u>87,829</u>
<b>Human Services</b>					
Health supervision and operation	20,500	-	20,500	20,483	17
Senior services	27,270	3,072	30,342	30,342	-
	<u>47,770</u>	<u>3,072</u>	<u>50,842</u>	<u>50,825</u>	<u>17</u>
<b>Civic and Cultural</b>					
Pomfret public library	87,326	-	87,326	85,680	1,646
Abington social library	21,000	-	21,000	21,000	-
Recreation	52,799	336	53,135	53,135	-
Community programs	4,500	142	4,642	4,642	-
Pomfret historical society	3,500	-	3,500	3,500	-
	<u>169,125</u>	<u>478</u>	<u>169,603</u>	<u>167,957</u>	<u>1,646</u>
<b>Debt and Sundry</b>					
Employment expense and insurance	293,000	-	293,000	291,519	1,481
Insurance	40,000	4,359	44,359	44,359	-
Bond and note retirement	253,000	-	253,000	253,000	-
Bond and note Interest	169,795	45	169,840	169,840	-
Contingency	5,000	-	5,000	-	5,000
Capital and non-recurring	331,533	28,148	359,681	358,108	1,573
	<u>1,092,328</u>	<u>32,552</u>	<u>1,124,880</u>	<u>1,116,826</u>	<u>8,054</u>
Total General Government Expenditures	2,427,684	16,148	2,443,832	2,290,337	153,495
Board of Education	<u>9,703,802</u>	-	<u>9,703,802</u>	<u>9,611,271</u>	<u>92,531</u>
<b>Total Expenditures</b>	<u>12,131,486</u>	<u>16,148</u>	<u>12,147,634</u>	<u>11,901,608</u>	<u>246,026</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, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis</b>	<u>\$ (67,444)</u>	<u>\$ (16,148)</u>	<u>\$ (83,592)</u>	414,260	<u>\$ 497,852</u>
<b>Adjustments to Generally Accepted Accounting Principles (GAAP):</b>					
Payments on Behalf of the Town Not Recorded on a Budgetary Basis:					
Revenues from teachers' retirement				691,486	
Expenditures for teachers' retirement				(691,486)	
Revenues Netted with Expenditures in the Budget					
Revenues from student tuition				27,300	
Expenditures for board of education				(27,300)	
Revenues from excess cost grant				562,831	
Expenditures for board of education				(562,831)	
General government and Board of Education employees - change in accrued payroll				<u>3,477</u>	
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)</b>				<u>\$ 417,737</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**

Required Supplementary Information - Schedule of Funding Progress  
Other Post Employment Benefits  
Since Inception

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess UAAL as a % of Covered Payroll</u>
6/30/2013	\$ -	\$ 2,852,274	\$ 2,852,274	0.00%	\$ 3,340,489	85.38%
6/30/2010	\$ -	\$ 2,805,531	\$ 2,805,531	0.00%	\$ 3,306,587	84.85%

**Town of Pomfret, Connecticut**

Required Supplementary Information - Schedule of Employer Contributions  
Other Post Employment Benefits Trust Fund  
Since Inception

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<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/2014	\$ 291,390	\$ 23,088	7.92%
6/30/2013	\$ 283,178	\$ 20,202	7.13%
6/30/2012	\$ 275,657	\$ 86,480	31.37%
6/30/2011	\$ 275,657	\$ 28,364	10.29%
6/30/2010	\$ 267,888	\$ 28,364	10.59%

**Town of Pomfret, Connecticut**

Combining Fund Financial Statements  
June 30, 2014

## Town of Pomfret, Connecticut

Combining Balance Sheet  
 Other Governmental Funds  
 June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 719,383	\$ 18,311	\$ 307,401	\$ 1,045,095
Other receivables				
Intergovernmental	5,747	-	-	5,747
Inventories	1,262	-	-	1,262
Total Assets	<u>\$ 726,392</u>	<u>\$ 18,311</u>	<u>\$ 307,401</u>	<u>\$ 1,052,104</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 6,014	\$ -	\$ 1,810	\$ 7,824
Intergovernmental	2,064	-	-	2,064
Unearned revenues	27,139	-	-	27,139
Total Liabilities	<u>35,217</u>	<u>-</u>	<u>1,810</u>	<u>37,027</u>
Deferred inflows of resources				
Deferred revenues	<u>135</u>	<u>-</u>	<u>-</u>	<u>135</u>
Fund balances				
Nonspendable	1,262	-	260,870	262,132
Restricted	604,951	-	44,721	649,672
Assigned	84,827	18,311	-	103,138
Total Fund Balances	<u>691,040</u>	<u>18,311</u>	<u>305,591</u>	<u>1,014,942</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 726,392</u>	<u>\$ 18,311</u>	<u>\$ 307,401</u>	<u>\$ 1,052,104</u>

## Town of Pomfret, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Other Governmental Funds  
 Year Ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$613,578	\$ -	\$ -	\$ 613,578
Local revenue	<u>142,158</u>	<u>42</u>	<u>3,376</u>	<u>145,576</u>
Total Revenues	<u>755,736</u>	<u>42</u>	<u>3,376</u>	<u>759,154</u>
<b>EXPENDITURES</b>				
Current expenditures				
General government	54,442	-	5,043	59,485
Public Works	177,563	-	-	177,563
Education	<u>474,182</u>	<u>-</u>	<u>63</u>	<u>474,245</u>
Total Expenditures	<u>706,187</u>	<u>-</u>	<u>5,106</u>	<u>711,293</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>49,549</u>	<u>42</u>	<u>(1,730)</u>	<u>47,861</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	16,518	-	-	16,518
Transfers out	<u>(15,689)</u>	<u>-</u>	<u>(832)</u>	<u>(16,521)</u>
Total Other Financing Sources (Uses)	<u>829</u>	<u>-</u>	<u>(832)</u>	<u>(3)</u>
Net Change in Fund Balances	50,378	42	(2,562)	47,858
Fund Balances - Beginning of Year	<u>640,662</u>	<u>18,269</u>	<u>308,153</u>	<u>967,084</u>
Fund Balances - End of Year	<u>\$691,040</u>	<u>\$18,311</u>	<u>\$ 305,591</u>	<u>\$ 1,014,942</u>

## Town of Pomfret, Connecticut

Combining Balance Sheet  
 Special Revenue Funds  
 June 30, 2014

	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	Education Grants Fund	Total Special Revenue Funds
<b>ASSETS</b>											
Cash and equivalents	\$ 2,064	\$ 501,310	\$ 344	\$ 26,076	\$ 14,178	\$ 48,624	\$ 2,119	\$ 4,655	\$ 84,658	\$ 35,355	\$ 719,383
Other receivables											
Intergovernmental	-	-	5,747	-	-	-	-	-	-	-	5,747
Inventories	-	-	1,262	-	-	-	-	-	-	-	1,262
Total Assets	<u>\$ 2,064</u>	<u>\$ 501,310</u>	<u>\$ 7,353</u>	<u>\$ 26,076</u>	<u>\$ 14,178</u>	<u>\$ 48,624</u>	<u>\$ 2,119</u>	<u>\$ 4,655</u>	<u>\$ 84,658</u>	<u>\$ 35,355</u>	<u>\$ 726,392</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>											
Liabilities											
Accounts payable	\$ -	\$ -	\$ 5,747	\$ 205	\$ 62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,014
Intergovernmental payable	2,064	-	-	-	-	-	-	-	-	-	2,064
Unearned revenues	-	-	-	-	-	-	-	-	-	27,139	27,139
Total Liabilities	<u>2,064</u>	<u>-</u>	<u>5,747</u>	<u>205</u>	<u>62</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,139</u>	<u>35,217</u>
Deferred inflows of resources:											
Deferred revenues	-	-	-	135	-	-	-	-	-	-	135
Fund balances											
Nonspendable	-	-	1,262	-	-	-	-	-	-	-	1,262
Restricted	-	501,310	-	3,993	-	-	2,119	4,655	84,658	8,216	604,951
Assigned	-	-	344	21,743	14,116	48,624	-	-	-	-	84,827
Total Fund Balances	<u>-</u>	<u>501,310</u>	<u>1,606</u>	<u>25,736</u>	<u>14,116</u>	<u>48,624</u>	<u>2,119</u>	<u>4,655</u>	<u>84,658</u>	<u>8,216</u>	<u>691,040</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,064</u>	<u>\$ 501,310</u>	<u>\$ 7,353</u>	<u>\$ 26,076</u>	<u>\$ 14,178</u>	<u>\$ 48,624</u>	<u>\$ 2,119</u>	<u>\$ 4,655</u>	<u>\$ 84,658</u>	<u>\$ 35,355</u>	<u>\$ 726,392</u>

## Town of Pomfret, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Special Revenue Funds  
 Year Ended June 30, 2014

	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	Education Grants Fund	Total Special Revenue Funds
<b>REVENUES</b>											
Intergovernmental	\$ -	\$ 242,650	\$ 39,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,923	\$ 613,578
Local revenue	3,291	-	73,857	32,578	10,346	10,241	420	38	1,387	10,000	142,158
Total Revenues	<u>3,291</u>	<u>242,650</u>	<u>112,862</u>	<u>32,578</u>	<u>10,346</u>	<u>10,241</u>	<u>420</u>	<u>38</u>	<u>1,387</u>	<u>341,923.00</u>	<u>755,736</u>
<b>EXPENDITURES</b>											
Current Expenditures											
General government	2,063	-	-	17,237	19,548	10,796	902	-	3,896	-	54,442
Public works	-	177,563	-	-	-	-	-	-	-	-	177,563
Education	-	-	128,821	-	-	-	-	-	-	345,361	474,182
Total Expenditures	<u>2,063</u>	<u>177,563</u>	<u>128,821</u>	<u>17,237</u>	<u>19,548</u>	<u>10,796</u>	<u>902</u>	<u>-</u>	<u>3,896</u>	<u>345,361</u>	<u>706,187</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,228</u>	<u>65,087</u>	<u>(15,959)</u>	<u>15,341</u>	<u>(9,202)</u>	<u>(555)</u>	<u>(482)</u>	<u>38</u>	<u>(2,509)</u>	<u>(3,438)</u>	<u>49,549</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	-	-	13,003	15	3,500	-	-	-	-	-	16,518
Transfers out	(1,228)	-	-	(14,461)	-	-	-	-	-	-	(15,689)
Total Other Financing Sources (Uses)	<u>(1,228)</u>	<u>-</u>	<u>13,003</u>	<u>(14,446)</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>829</u>
Net Change in Fund Balances	-	65,087	(2,956)	895	(5,702)	(555)	(482)	38	(2,509)	(3,438)	50,378
Fund Balances - Beginning of Year	-	436,223	4,562	24,841	19,818	49,179	2,601	4,617	87,167	11,654	640,662
Fund Balances - End of Year	\$ -	\$ 501,310	\$ 1,606	\$ 25,736	\$ 14,116	\$ 48,624	\$ 2,119	\$ 4,655	\$ 84,658	\$ 8,216	\$ 691,040



## Town of Pomfret, Connecticut

Combining Balance Sheet  
 Capital Projects Funds  
 June 30, 2014

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	School Building Committee	Recreation Park	Total Capital Projects Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and equivalents	\$ 11,630	\$ 6,681	\$ 18,311
	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>			
Assigned	\$ 11,630	\$ 6,681	\$ 18,311
	<u>          </u>	<u>          </u>	<u>          </u>

**Town of Pomfret, Connecticut**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Capital Projects Funds  
 Year Ended June 30, 2014

---

	School Building Committee	Recreation Park	Total Capital Projects Funds
<b>REVENUES</b>			
Local Revenue	\$ -	\$ 42	\$ 42
Fund Balances - Beginning of Year	<u>11,630</u>	<u>6,639</u>	<u>18,269</u>
Fund Balances - End of Year	<u>\$ 11,630</u>	<u>\$ 6,681</u>	<u>\$ 18,311</u>

## Town of Pomfret, Connecticut

Combining Balance Sheet  
 Permanent Funds  
 June 30, 2014

	Cemetery Funds	Library Funds	Youth Fund	PCS Scholarship Trusts	Library E. Woods Memorial	Total Permanent Funds
<b>ASSETS</b>						
Cash and equivalents	<u>\$ 164,904</u>	<u>\$ 97,200</u>	<u>\$ 1,801</u>	<u>\$ 8,784</u>	<u>\$ 34,712</u>	<u>\$ 307,401</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	<u>\$ 649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,161</u>	<u>\$ 1,810</u>
Fund balances						
Nonspendable	134,092	97,200	1,801	544	27,233	260,870
Restricted	<u>30,163</u>	<u>-</u>	<u>-</u>	<u>8,240</u>	<u>6,318</u>	<u>44,721</u>
Total Fund Balances	<u>164,255</u>	<u>97,200</u>	<u>1,801</u>	<u>8,784</u>	<u>33,551</u>	<u>305,591</u>
Total Liabilities and Fund Balances	<u>\$ 164,904</u>	<u>\$ 97,200</u>	<u>\$ 1,801</u>	<u>\$ 8,784</u>	<u>\$ 34,712</u>	<u>\$ 307,401</u>

## Town of Pomfret, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Permanent Funds  
 Year Ended June 30, 2014

	Cemetery Funds	Library Funds	Youth Fund	PCS Scholarship Trusts	Library E. Woods Memorial	Total Permanent Funds
<b>REVENUES</b>						
Local Revenue	\$ 2,182	\$ 817	\$ 15	\$ 73	\$ 289	\$ 3,376
<b>EXPENDITURES</b>						
Current Expenditures						
General Government	3,882	-	-	-	1,161	5,043
Education	-	-	-	63	-	63
Total Expenditures	<u>3,882</u>	<u>-</u>	<u>-</u>	<u>63</u>	<u>1,161</u>	<u>5,106</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,700)	817	15	10	(872)	(1,730)
<b>OTHER FINANCING USES</b>						
Transfers out	-	(817)	(15)	-	-	(832)
Net Change in Fund Balances	(1,700)	-	-	10	(872)	(2,562)
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 164,255</u>	<u>\$ 97,200</u>	<u>\$ 1,801</u>	<u>\$ 8,784</u>	<u>\$ 33,551</u>	<u>\$ 305,591</u>

See Independent Auditors' Report

## Town of Pomfret, Connecticut

Combining Statement of Net Position  
 Agency Funds  
 Year Ended June 30, 2014

	Balance Beginning	Additions	Deductions	Balance Ending
<b>Student Activity Fund</b>				
<b>Assets</b>				
Cash	\$ 58,006	\$ 128,742	\$ (126,349)	\$ 60,399
<b>Liabilities</b>				
Due to students	\$ 58,006	\$ 128,742	\$ (126,349)	\$ 60,399
<b>Land Use Fees</b>				
<b>Assets</b>				
Cash	9,173	\$ 16,836	\$ (18,267)	\$ 7,742
Accounts Receivable	-	38,877	(33,793)	5,084
<b>Total assets</b>	\$ 9,173	\$ 55,713	\$ (52,060)	\$ 12,826
<b>Liabilities</b>				
Due to others	\$ 9,173	\$ 55,713	\$ (52,060)	\$ 12,826
<b>Escrow Accounts</b>				
<b>Assets</b>				
Cash	\$ 38,605	\$ 34	\$ (16,734)	\$ 21,905
<b>Liabilities</b>				
Due to others	\$ 38,605	\$ 34	\$ (16,734)	\$ 21,905
<b>Combined Total</b>				
<b>Assets</b>				
Cash	\$ 105,784	\$ 145,612	\$ (161,350)	\$ 90,046
Accounts Receivable	-	38,877	(33,793)	5,084
<b>Total assets</b>	\$ 105,784	\$ 184,489	\$ (195,143)	\$ 95,130
<b>Liabilities</b>				
Due to students and others	\$ 105,784	\$ 184,489	\$ (195,143)	\$ 95,130

**Town of Pomfret, Connecticut**

Supplementary Schedules  
June 30, 2014

## Town of Pomfret, Connecticut

Report of the Property Tax Collector  
Year Ended June 30, 2014

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		
2012	\$ -	\$8,571,857	\$32,630	\$ 54,505	\$8,549,982	\$8,419,442	\$ 30,303	\$ 2,560	\$ 8,452,305	\$ 608	\$ 129,932
2011	142,364	-	230	2,630	139,964	66,832	19,294	1,131	87,257	3,767	69,365
2010	65,769	-	134	298	65,605	34,615	13,552	573	48,740	3,146	27,844
2009	12,704	-	129	-	12,833	6,795	3,935	123	10,853	909	5,129
2008	6,427	-	123	-	6,550	5,440	3,045	48	8,533	5	1,105
2007	932	-	124	-	1,056	1,056	559	24	1,639	-	-
2006	-	-	120	-	120	120	-	-	120	-	-
1997	-	-	207	-	207	-	-	-	-	-	207
	<u>\$ 228,196</u>	<u>\$ 8,571,857</u>	<u>\$33,697</u>	<u>\$ 57,433</u>	<u>\$ 8,776,317</u>	<u>\$ 8,534,300</u>	<u>\$ 70,688</u>	<u>\$ 4,459</u>	<u>\$ 8,609,447</u>	<u>\$ 8,435</u>	<u>\$ 233,582</u>

## Town of Pomfret, Connecticut

Schedule of Changes in Fund Balance by Project  
 Capital Nonrecurring Fund  
 Year Ended June 30, 2014

	Beginning Fund Balance	Approved Transfers Net	Revenues and New Debt	Current Year Expenditures	Internal Transfers	Ending Fund Balance	Eliminating Deficits per GASB 54	Reported Fund Balance
<b>RESTRICTED FUND BALANCE</b>								
Recreation Park								
Recreation fields fundraiser	\$ 7,377	\$ -	\$ 8,241	\$ (2,681)	\$ -	\$ 12,937	\$ -	\$ 12,937
Walking trails	4,972	-	-	-	-	4,972	-	4,972
Linking trails grant - State DEEP	-	-	4,536	(4,536)	-	-	-	-
Vehicles and Equipment								
Emergency vehicles and equipment (EMPG)	-	-	3,000	-	-	3,000	-	3,000
Emergency Plan and Preparedness (DEMHS)	-	-	2,815	(976)	-	1,839	-	1,839
Town Buildings								
School security system	-	16,148	-	(29,480)	-	(13,332)	13,332	-
School solar/roof project	(6,432)	-	-	-	6,432	-	-	-
Seely brown capital improvement	(3,467)	-	-	-	3,467	-	-	-
Rural utilities/sewer project (USDA)	(8,275)	-	14,272	(5,997)	-	-	-	-
Energy grant - town hall renovation	150	-	-	-	-	150	-	150
Land Preservation								
Land preservation fees (LOCIP)	18,134	-	1,579	-	1	19,714	-	19,714
Land preservation fees - town clerk	5,743	-	910	(180)	-	6,473	-	6,473
Other								
Restoration of land records/indices	39,964	3,000	-	(500)	-	42,464	-	42,464
Historic records preservation	4,973	-	545	-	-	5,518	-	5,518
Grange/senior center (STEAP)	(6,646)	-	-	-	6,646	-	-	-
Old townhouse renovation (STEAP)	-	-	6,243	(6,284)	-	(41)	41	-
	<u>56,493</u>	<u>19,148</u>	<u>42,141</u>	<u>(50,634)</u>	<u>16,546</u>	<u>83,694</u>	<u>13,373</u>	<u>97,067</u>
<b>COMMITTED FUND BALANCES</b>								
Recreation Park								
Pomfret plan of development	3,609	10,000	-	-	-	13,609	-	13,609
Vehicles and Equipment								
Nonemergency vehicles/govt surplus	30,935	5,000	-	-	-	35,935	-	35,935
Nonemergency truck replacement	17,379	25,000	-	(31,543)	-	10,836	-	10,836
Nonemergency plows/sander	13,350	-	-	-	(5,244)	8,106	-	8,106
Radio replacement in trucks	295	-	-	-	(295)	-	-	-
Sander rack	3,500	-	-	-	(3,500)	-	-	-

(Continued)



## Town of Pomfret, Connecticut

Schedule of Changes in Fund Balance by Project  
Capital Nonrecurring Fund  
Year Ended June 30, 2014

	Beginning Fund Balance	Approved Transfers Net	Revenues and New Debt	Current Year Expenditures	Internal Transfers	Ending Fund Balance	Eliminating Deficits per GASB 54	Reported Fund Balance
Town Buildings								
Town hall addition	1,430	5,000	-	-	-	6,430	-	6,430
ADA Compliance	9,592	10,000	-	(289)	(6,646)	12,657	-	12,657
Library ramp	861	-	-	-	(861)	-	-	-
School parking lot improvements	(776)	-	-	-	776	-	-	-
School parking lot resurfacing	-	66,433	-	(65,053)	-	1,380	-	1,380
School bathrooms	(1,765)	-	-	-	1,765	-	-	-
School building maintenance	410	-	-	-	(410)	-	-	-
School classroom ceilings	2,677	-	-	-	(2,677)	-	-	-
School curbing repair	3,770	-	-	-	(3,770)	-	-	-
School duct work and engineering	-	7,000	-	(7,000)	-	-	-	-
School equipment	2,786	-	-	(1,117)	-	1,669	-	1,669
School flooring	(5,686)	-	-	-	5,686	-	-	-
School kitchen equipment	-	13,000	-	(13,000)	-	-	-	-
School stage curtains	14	-	-	-	(14)	-	-	-
School technology	252	-	-	-	-	252	-	252
School water tank	-	10,000	-	(9,279)	-	721	-	721
School well	27,173	10,000	-	-	-	37,173	-	37,173
School renovation and rehabilitation	1,356	-	-	-	(1,356)	-	-	-
Library drain/BLDG improvements	7,758	10,000	-	(8,381)	-	9,377	-	9,377
Murdock property	25,963	500	-	(17,035)	-	9,428	-	9,428
Salt shed/booker property	71,042	-	-	-	-	71,042	-	71,042
Senior center - patio	1,500	-	-	-	-	1,500	-	1,500
Land Acquisition								
Open space land acquisition	89,298	100	18,300	(338)	-	107,360	-	107,360
T-Shirt/calendar sales	-	-	-	-	-	-	-	-
Land purchase/bonds	679,245	-	-	(17,895)	-	661,350	-	661,350
Other								
Long range planning	35,000	-	-	-	-	35,000	-	35,000
Computer/typewriter/office equipment	8,197	11,000	-	(8,346)	-	10,851	-	10,851
Office equipment	4,667	11,426	-	(10,426)	-	5,667	-	5,667
Revaluation	20,699	15,000	-	(12,342)	-	23,357	-	23,357
Loan consolidation/interest	136,363	(57,795)	-	-	-	78,568	-	78,568
	1,190,894	151,664	18,300	(202,044)	(16,546)	1,142,268	-	1,142,268
<b>Unassigned Fund Balance</b>	-	-	-	-	-	-	(13,373)	(13,373)
Total Fund Balance	<u>\$ 1,247,387</u>	<u>\$ 170,812</u>	<u>\$ 60,441</u>	<u>\$ (252,678)</u>	<u>\$ -</u>	<u>\$ 1,225,962</u>	<u>\$ -</u>	<u>\$ 1,225,962</u>

See Independent Auditors' Report

## Town of Pomfret, Connecticut

Schedule of Changes in Fund Balance by Project  
 Road and Bridge Projects Fund  
 Year Ended June 30, 2014

	Beginning Balance	Transfers In	Annual Expenditures	Ending Fund Balance
<b>Restricted Fund Balances</b>				
Wolfden Drive	\$ 10,078	\$ -	\$ -	\$ 10,078
<b>Committed Fund Balances</b>				
Road Projects				
Longmeadow Drive	133,612	-	-	133,612
Fox Hill Road	50,000	-	(2,300)	47,700
Freedley Road Overlay	-	80,000	(50,271)	29,729
Holmes Road	-	50,000	-	50,000
River Road drainage	45,319	-	-	45,319
Wolf Den Drive - FEMA grants	24,271	-	-	24,271
Regrade gravel bank	15,934	-	-	15,934
Taft Pond Road	15,000	-	-	15,000
Covell Road	1,651	-	-	1,651
Bridge Projects				
Wolf Den Drive/Covell Road	90,222	-	-	90,222
	<u>376,009</u>	<u>130,000</u>	<u>(52,571)</u>	<u>453,438</u>
Total Road and Bridge Projects	<u>\$ 386,087</u>	<u>\$ 130,000</u>	<u>\$ (52,571)</u>	<u>\$ 463,516</u>

**Town of Pomfret, Connecticut**

Internal Control and Compliance Reports  
June 30, 2014

**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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 11, 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 Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

*O'Connor Davies, LLP*

December 11, 2014

**Town of Pomfret, Connecticut**

State Single Audit  
June 30, 2014

**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, 2014. 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, 2014.

### **Report on Internal Control over Compliance**

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



## **Report on Schedule of Expenditures of State Financial Assistance 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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated December 11, 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*

December 11, 2014

**Town of Pomfret, Connecticut**

Schedule of Expenditures of State Financial Assistance

Year Ended June 30, 2014

State Grantor Pass-Through

Grantor Program Title	State Grant Program Core-CT Number	Expenditures
<b>Connecticut State Library</b>		
Grants to Public Libraries	11000-CSL66051-17003	\$ 1,203
Connecticard Payments	11000-CSL66051-17010	181
<b>Department of Transportation</b>		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	177,563
<b>Department of Economic and Community Development</b>		
Small Town Economic Assistance Program (ECD)	12052-ECD46210-42411	6,752
<b>Department of Justice</b>		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	1,910
<b>Office of Policy and Management</b>		
Reimbursement Towns - Tax Loss on State Owned Property	11000-OPM20600-17004	43,176
Reimburse Property Tax - Disability Exemption	11000-OPM20600-17011	419
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	20,263
Property Tax Relief for Veterans	11000-OPM20600-17024	5,482
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	47,325
Municipal Purposes & Projects	12052-OPM20600-43587	26,165
<b>Department of Education</b>		
Child Nutrition State Match	11000-SDE64370-16211	1,671
Health Foods Initiative	11000-SDE64370-16212	3,420
Adult Education	11000-SDE64370-17030	6,159
School Breakfast Program	11000-SDE64370-17046	3,031
High Quality Schools Start Up	12052-SDE64370-43538	<u>41,841</u>
Total State Financial Assistance before Exempt Programs		<u>386,561</u>

**EXEMPT PROGRAMS**

<b>Department of Education</b>		
Education Cost Sharing	11000-SDE64000-17041	3,159,778
Public School Transportation	11000-SDE64000-17027	46,953
Special Education - Excess Cost - Student Based	11000-SDE64000-17047	562,831
<b>Office of Policy and Management</b>		
Municipal Revenue Sharing	12060-OPM20600-35458	35,082
<b>Office of State Comptroller</b>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OSC15910-17005	<u>20,304</u>
Total exempt programs		<u>3,824,948</u>
Total State Financial Assistance		<u>\$ 4,211,509</u>

The accompanying notes are an integral part of this schedule

**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, 2014. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments.

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 Expenditures 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.

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**Town of Pomfret, Connecticut**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

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**Section 1 - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued Unmodified

Internal control over financial reporting

- Material weakness(es) identified?      Yes   X   No
- Significant deficiency(ies) identified?      Yes   X   None reported
- Noncompliance material to financial statements noted      Yes   X   No

**State Financial Assistance**

Internal control over major programs

- Material weakness(es) identified?      Yes   X   No
- Significant deficiency(ies) identified?      Yes   X   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   X   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 Transportation Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	\$177,563
Office of Policy and Management Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	\$ 47,325

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.