

POQUONNOCK BRIDGE FIRE DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Year Ended June 30, 2011

**BAUDE & ROLFE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
35 Huntington Street
New London, CT 06320**

POQUONNOCK BRIDGE FIRE DISTRICT

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Ronald J. Baude, CPA

Brian D. Rolfe, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Poquonnock Bridge Fire District
Groton, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Poquonnock Bridge Fire District, as of and for the year ended June 30, 2011, which collectively comprise the Poquonnock Bridge Fire District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Poquonnock Bridge Fire District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Poquonnock Bridge Fire District, as of June 30, 2011, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011 on our consideration of the Poquonnock Bridge Fire District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Poquonnock Bridge Fire District's financial statements as a whole. The supplemental and combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 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.

Baude & Rolfe, P.C.

Baude & Rolfe, P.C.
Certified Public Accountants

New London, Connecticut
December 19, 2011

BAUDE & ROLFE, P.C.

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Brian D. Rolfe, CPA

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

Board of Directors
Poquonnock Bridge Fire District
Groton, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Poquonnock Bridge Fire District as of and for the year ended June 30, 2011, which collectively comprise the Poquonnock Bridge Fire District's basic financial statements and have issued our report thereon dated December 19, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Poquonnock Bridge Fire District's internal control over financial reporting as a basis for designing our auditing procedures 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 Poquonnock Bridge Fire District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Poquonnock Bridge Fire District's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Poquonnock Bridge Fire District'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*.

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

Baude & Rolfe, P.C.

Baude & Rolfe, P.C.
Certified Public Accountants

New London, Connecticut
December 19, 2011

**POQUONNOCK BRIDGE FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

As management of the Poquonnock Bridge Fire District, we offer readers of the Poquonnock Bridge Fire District's financial statements this narrative overview and analysis of the financial activities of the Poquonnock Bridge Fire District for the fiscal year ended June 30, 2011.

Financial Highlights:

- The assets of the Poquonnock Bridge Fire District exceeded its liabilities at the close of the most recent fiscal year by \$637,906. Of this amount, unrestricted net assets have a deficit of \$1,149,207.
- The government's total net assets decreased by \$964,542. This decrease is mostly attributable to the reporting of post employment benefit obligations.
- As of the close of the current fiscal year, the Poquonnock Bridge Fire District's governmental funds reported combined ending fund balances of \$1,329,570. Approximately 45.1% of this total amount, \$599,079, is available for spending at the government's discretion (unassigned fund balance). The Poquonnock Bridge Fire District strives to maintain an adequate unassigned fund balance. Through the FYE 2011 budgetary process, the Poquonnock Bridge Fire District made a decision to provide a tax relief through the use of excess fund balances in the amount of \$0 in the FYE 2012 budget.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$599,079 or 14.2% of total general fund expenditures on a budgetary basis.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Poquonnock Bridge Fire District's basic financial statements. The Poquonnock Bridge Fire District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

It is important to note that the Poquonnock Bridge Fire District implemented the new requirements outlined in GASB 34 on July 1, 2003. The statements, therefore, contained within this report as of June 30, 2011, are the Poquonnock Bridge Fire District's eighth report using the new model.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Poquonnock Bridge Fire District's finances, in a manner similar to a private-sector business. All of the resources the Poquonnock Bridge Fire District has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Poquonnock Bridge Fire District's overall financial status.

The *statement of net assets* presents information on all of the Poquonnock Bridge Fire District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Poquonnock Bridge Fire District is improving or deteriorating.

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

As of the current fiscal year, the Poquonnock Bridge Fire District's governmental funds reported combined ending fund balances of \$1,329,570, an increase of \$173,953 in comparison with the prior year. \$599,079 constitutes unassigned fund balance. Included in the \$1,329,570 is a committed amount of \$0 to be used in the FYE 2012 budget and \$99,768 are encumbrances that are not available for new spending because they have already been committed to liquidate contracts and purchase orders of the prior period.

General fund. The General Fund is the chief operating fund of the Poquonnock Bridge Fire District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$599,079, while total fund balance was \$599,079. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 14.2 percent of the total General Fund expenditures.

The fund balance of the Poquonnock Bridge Fire District's General Fund increased by \$35,891 during the current fiscal year. Key factors in this decrease are as follows:

- Actual revenues for the fiscal year ending 2011 were approximately \$224,000 more than budgeted.
- The final budget of the Poquonnock Bridge Fire District for fiscal year ending 2011 included a planned draw down of fund balance in the amount of \$522,822, representing a portion of the unassigned fund balance from prior years. Actual expenditures were approximately \$251,000 less than budgeted.

General Fund Budgetary Highlights

The final budget contained no additional appropriations approved during the year.

During the year, actual revenues on a budgetary basis were \$4,164,131 which exceeded budgetary estimates by \$224,264. Actual tax revenues exceeded the budget by \$162,264. Intergovernmental funds received were \$26,239 more than the budgeted amount. There were higher than anticipated receipts from other sources.

Actual expenditures on a budgetary basis and other financing uses totaled \$4,211,695, this was more than actual revenues on a budgetary basis by \$47,564. The fiscal year 2011 budget included the use of \$522,822 of fund balance. Actual expenditures came in under the final budget by \$250,994.

Capital Assets and Debt Administration

Capital Assets. The Poquonnock Bridge Fire District's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$1,787,113 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, and vehicles.

Major capital asset events during the current fiscal year included the following:

- There were no new capital asset acquisitions during the year.

Additional information on the Poquonnock Bridge Fire District's capital assets can be found in Note 7 of this report.

Long-Term debt. At the end of the current fiscal year, the Poquonnock Bridge Fire District's had no debt outstanding.

The overall statutory debt limit for the Poquonnock Bridge Fire District is equal to seven times annual receipts from taxation or about \$27.3 million. As of June 30, 2011, the Town recorded no long-term debt related to Governmental Activities, well below its statutory debt limits.

Additional information on the Poquonnock Bridge Fire District's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

The management of the Poquonnock Bridge Fire District considered the following in preparing the FY 2012 budget:

- Continued low interest rates.
- Increase in pension costs due to the economic crisis.
- No planned draw down from surplus.
- Hard-to-control increases in health and liability insurance.

During the fiscal year, unassigned fund balance in the general fund increased to \$599,079.

Request for Information

This financial report from which this management discussion is drawn is designed to provide a general overview of the Poquonnock Bridge Fire District finances for all those with an interest in the government's finances. The financial statements themselves are available at the Poquonnock Bridge Fire District Offices. Questions concerning any of the information provided in this discussion or requests for additional information should be addressed to the District Office, Poquonnock Bridge Fire District, 373 Long Hill Road, Groton, Connecticut 06340.

**BASIC
FINANCIAL
STATEMENTS**

POQUONNOCK BRIDGE FIRE DISTRICT
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,387,347
Receivables (Net of Uncollectible)	
Property Taxes	173,223
Accounts Receivable	74,146
Capital Assets, Net of Accumulated Depreciation	<u>1,787,113</u>
TOTAL ASSETS	<u><u>\$ 3,421,829</u></u>
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 141,081
Non-current Liabilities:	
Compensated Absences	542,078
Net OPEB Obligation	<u>2,100,764</u>
TOTAL LIABILITIES	<u>2,783,923</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	1,787,113
Unrestricted	<u>(1,149,207)</u>
TOTAL NET ASSETS	<u><u>\$ 637,906</u></u>

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

POQUONNOCK BRIDGE FIRE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Primary Government:					
Governmental activities:					
General Government	\$ (5,160,685)	\$ -	\$ -	\$ -	\$ (5,160,685)
Total Primary Government	<u>\$ (5,160,685)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ -
		General revenues:			
					3,934,513
					250,999
					10,631
					<u>4,196,143</u>
					(964,542)
					<u>1,602,448</u>
					<u>\$ 637,906</u>

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

**POQUONNOCK BRIDGE FIRE DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2011**

	<u>General</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 659,466	\$ 727,881	\$ -	\$ 1,387,347
Due from Other Funds	-	-	2,610	2,610
Receivables (Net of Uncollectible)				
Property Taxes	173,223	-	-	173,223
Other Receivables	74,146	-	-	74,146
TOTAL ASSETS	\$ 906,835	\$ 727,881	\$ 2,610	\$ 1,637,326
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 141,081	\$ -	\$ -	\$ 141,081
Due to Other Funds	2,610	-	-	2,610
Deferred Revenues	164,065	-	-	164,065
TOTAL LIABILITIES	307,756	-	-	307,756
FUND BALANCES				
Restricted	-	-	2,610	2,610
Assigned	-	727,881	-	727,881
Unassigned	599,079	-	-	599,079
TOTAL FUND BALANCES	599,079	727,881	2,610	1,329,570
TOTAL LIABILITIES AND FUND BALANCES	\$ 906,835	\$ 727,881	\$ 2,610	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				1,787,113
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				164,065
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.				(2,642,842)
Net assets of governmental activities				\$ 637,906

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

POQUONNOCK BRIDGE FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	<u>General</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
General Property Taxes	\$ 3,904,163	\$ -	\$ -	\$ 3,904,163
Intergovernmental	210,789	-	-	210,789
Investment Income	8,569	2,062	-	10,631
Other Revenue	40,210	-	-	40,210
TOTAL REVENUES	<u>4,163,731</u>	<u>2,062</u>	<u>-</u>	<u>4,165,793</u>
EXPENDITURES				
Current:				
General Government	3,991,840	-	-	3,991,840
TOTAL EXPENDITURES	<u>3,991,840</u>	<u>-</u>	<u>-</u>	<u>3,991,840</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	171,891	2,062	-	173,953
OTHER FINANCING SOURCES (USES)				
Transfers In	-	136,000	-	136,000
Transfers Out	(136,000)	-	-	(136,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(136,000)</u>	<u>136,000</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES	35,891	138,062	-	173,953
FUND BALANCES, BEGINNING	<u>563,188</u>	<u>589,819</u>	<u>2,610</u>	<u>1,155,617</u>
FUND BALANCES, ENDING	<u>\$ 599,079</u>	<u>\$ 727,881</u>	<u>\$ 2,610</u>	<u>\$ 1,329,570</u>

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

**POQUONNOCK BRIDGE FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011**

Amounts reported for governmental activities in the statement of activities
(page 12) are different because:

Net change in fund balances - total governmental funds (page 14)	\$ 173,953
<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 outlays in the current period.</p>	(113,784)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	30,350
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</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.	<u>(1,055,061)</u>
Change in net assets of governmental activities (page 12)	<u>\$ (964,542)</u>

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

POQUONNOCK BRIDGE FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES –
BUDGET TO ACTUAL – GENERAL FUND
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes, Interest and Lien Fees	\$ 3,742,299	\$ 3,742,299	\$ 3,904,563	\$ 162,264
Intergovernmental Revenue	184,550	184,550	210,789	26,239
Investment Income	2,000	2,000	8,569	6,569
Other Revenue	11,018	11,018	40,210	29,192
TOTAL REVENUES	<u>3,939,867</u>	<u>3,939,867</u>	<u>4,164,131</u>	<u>224,264</u>
EXPENDITURES				
Current:				
General Government	4,326,689	4,326,689	4,075,695	250,994
Capital Outlay	136,000	136,000	136,000	-
TOTAL EXPENDITURES	<u>4,462,689</u>	<u>4,462,689</u>	<u>4,211,695</u>	<u>250,994</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (522,822)</u>	<u>\$ (522,822)</u>	<u>\$ (47,564)</u>	<u>\$ 475,258</u>

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

POQUONNOCK BRIDGE FIRE DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUND
June 30, 2011

	<u>Volunteer Retirement Fund</u>
ASSETS	
Investments	\$ <u>52,629</u>
LIABILITIES	
Due to Volunteer Firemen	\$ <u>52,629</u>

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

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Poquonnock Bridge Fire District is located in Groton, Connecticut. The Executive Committee is the governing body for the legislative power and is responsible for the administration of the Fire District. The Fire District provides fire services to the Town of Groton, and is a separate taxing authority.

For financial reporting purposes, the district includes all funds, account groups, agencies, boards, commissions and authorities that are controlled by or dependent on the district. Control by or dependence on the district was determined on the basis of budget adoption, taxing authority, outstanding debt which represents a general obligation of the district, obligation of the district to finance any deficits that may occur or receipt of significant subsidies from the district.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) 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. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered and there are no agencies or entities which should be presented with the Poquonnock Bridge Fire District.

Government-Wide Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Poquonnock Bridge Fire District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Poquonnock Bridge Fire District has no business-type activities.

The statement of activities demonstrates the degree to which the 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, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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 for. 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. For this purpose, the District considers revenues to be

POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, when levied for, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Poquonnock Bridge Fire District, or specifically identified.

The government reports the following major governmental funds.

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

The Capital Reserve Fund is used to fund future capital improvements and major equipment acquisitions.

Additionally, the government reports the following fund types:

Agency Funds account for monies held as a custodian for outside groups and agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Property Taxes

Property taxes are assessed on property as of October 1. Real estate and personal property taxes are billed in the following July and are payable on July 1, real property bills \$250 and over are payable at July 1 and January 2. Motor vehicle taxes are billed July 1 and are due in a single payment on July 1. Liens are effective on the assessment date and are continued by filing on July 1, following the due date.

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes that have been levied and are due on or before year-end are recognized as revenue if they have been collected within sixty days after year-end. Property taxes receivable not collected within sixty days after year-end are reflected as deferred revenue. An allowance based on historical collection experience is provided for uncollectible taxes.

Cash and Investments

The Poquonnock Bridge Fire District considers all highly liquid investments and those with original maturities of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value based on quoted market price.

Effective July 1, 2004, the Poquonnock Bridge Fire District adopted Statement Number 40 of the Governmental Accounting Standards Board (GASB). The required implementation date for GASB Statement 40 is for periods beginning after June 15, 2004.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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 value at the date of donation. GASB No. 34 requires the Poquonnock Bridge Fire District to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The District has implemented the general provisions of GASB No. 34 with the exception of the retroactive reporting of infrastructure assets.

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

Property, plant, and equipment of the Poquonnock Bridge Fire District is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building Improvements	20
Public Domain Infrastructure	50
System Infrastructure	30
Vehicles, Machinery and Equipment	5-20

Capital outlay is considered an expenditure in the governmental fund financial statements.

Compensated Absences

Employees are paid by a prescribed formula for absences due to sickness or vacation.

POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligation

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

Fund Equity and Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Unrestricted Net Assets – This category represents the net assets of the Poquonnock Bridge Fire District, which are not restricted for any project or other purpose by third parties.

Effective July 1, 2010, the District adopted the provisions of Governmental Accounting Standards Board Statement #54 (GASB 54), which defines the different types of fund balances that the District must use for its governmental funds. GASB 54 requires the fund balances to be properly reported within one of the following categories for financial reporting purposes.

Nonspendable – fund balance amounts associated with inventories, prepaids, and long-term receivables and payables.

Restricted – fund balance amounts that can be spent only for the specific purposes stipulated by external source providers or enabling legislation.

Committed – fund balance amounts that can be used only for specific purposes determined by a formal action of the District's highest level of decision-making authority.

Assigned – fund balance amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed fund balances.

Unassigned – fund balance amounts remaining for the General Fund that are spendable.

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District's committed fund balance reporting is required when funds have been committed at a District Meeting. The District's assigned fund balance reporting is required when funds have been assigned by the District's Executive Committee. The District's policy is to apply expenditures against the applicable fund balances in the following order: nonspendable, restricted, committed, assigned, and unassigned.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$2,642,842 difference are as follows:

Compensated Absences	\$ 542,078	
Net OPEB Obligation	2,100,764	2,100,764
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	\$ 2,642,842	2,642,842

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$113,784 difference are as follows:

Capital Outlay	\$ -	
Depreciation Expense	(113,784)	(113,784)
Net Adjustment to Decrease Net Changes in Fund Balances - total Governmental Funds to arrive at changes in Net Assets of Governmental Activities	\$ (113,784)	(113,784)

3. BUDGETS AND BUDGETARY ACCOUNTING

The District Chief reviews the budget estimates with the Deputy Chief and related personnel. Not later than one hundred twenty (120) days prior to the end of the fiscal year, the District Chief presents to the Executive Committee a proposed budget.

The Executive Committee reviews the budget estimates and makes further revisions. The Executive Committee then prepares a budget to be presented to the annual District budget meeting.

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

3. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

The district charter provides the manner in which it is to be utilized by District meeting in acting upon the budget. The Executive Committee is authorized to approve transfers between budgeted lines items and between funds. Unexpected appropriations lapse at the end of the fiscal year unless specifically continued in force to the subsequent period. There were no additional appropriations made during the year ended June 30, 2011.

The General fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract of other commitment is issued, and accordingly encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year.

Legal Level of Control

No officer of the Poquonnock Bridge Fire District shall expend or enter into any contract by which the Poquonnock Bridge Fire District shall become liable for any sum which, with any contract then in force, shall exceed the appropriation for the department, except in case of necessity connected with the repair of highways, bridges, sidewalks, and water and sewer systems and the care of the Town poor, and then not more than \$1,000.

Formal budgetary integration of these budgets is employed as a management control device in the General Fund. Formal budgetary integration is not employed in other funds because budgetary control is alternately achieved by constraints imposed by the project authorization or grant awards related to these funds.

All encumbered appropriations lapse at year-end except for those in a Capital Projects Fund. Appropriations for these funds are continued until completion of the applicable projects, which often last more than one fiscal year but cannot exceed five (5) years.

The Poquonnock Bridge Fire District's budgeting system requires accounting for certain transactions to be on a basis other than accounting principles generally accepted in the United States of America (GAAP basis). The major differences between the budget and GAAP basis are as follows:

- Taxes collected 60 days subsequent to June 30 are recognized as revenue for GAAP purposes during the current year compared to recognition in the year received for budgetary purposes. In addition, an allowance for uncollectible accounts is utilized for GAAP purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year.

As explained above, the Poquonnock Bridge Fire District's budgetary fund structure accounts for certain transactions differently from that utilized in the financial statements in conformity with GAAP. A reconciliation of these differences at June 30, 2011 follows:

	General Fund	
	Revenues and Transfers	Expenditures and Transfers
GAAP basis, Page 14	\$ 4,163,731	\$ 4,127,840
Encumbrances		
June 30, 2010	-	(16,500)
June 30, 2011	-	99,768
Allowance for Uncollectible Property Taxes	400	-
Unliquidated Encumbrances June 30, 2010	-	587
Non-GAAP budgetary basis, Page 16	\$ 4,164,131	\$ 4,211,695

POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits can be made in a "qualified public depository" as defined by statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank", as defined by statutes, which is not a "qualified public depository".

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (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 and the Tax Exempt Proceeds Fund. Other provisions of the statutes cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2011:

Deposits:	
Demand Accounts	\$ 1,387,347
Certificates of Deposit	-
Total Deposits	<u>1,387,347</u>
Less: Certificates of Deposits Classified as Investments	<u>-</u>
 Total Cash and Cash Equivalents	 <u><u>\$ 1,387,347</u></u>

Deposits

At June 30, 2011 the carrying amount of the Poquonnock Bridge Fire District deposits was \$1,387,347 and the bank balance was \$1,430,571.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. Of the June 30, 2011 bank balance, \$952,690 was covered by Federal Depository Insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with Federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. The balance of deposits of \$477,881 was uninsured and uncollateralized.

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2011, the District did not have any cash equivalents.

Investments

Investments as of June 30, 2011 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Agency Fund:	
Annuity Contracts	\$ <u>52,629</u>

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk – Investments – As indicated above, State Statutes limit the investment options of cities and towns. The District has no investment policy that would further limit its investment choices. The following table provides a summary of the District’s investments (excluding US government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>	<u>Moody's Investor Service</u>	<u>Fitch Ratings</u>
Agency Fund:			
Annuity Contracts	Not Rated	Not Rated	Not Rated

Custodial Credit Risk – Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2011, the District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District’s name.

5. RECEIVABLES

Receivables at June 30, 2011, including the applicable allowances for collection losses, are as follows:

	<u>General Fund</u>	<u>Total</u>
Property Taxes	\$ 182,323	\$ 182,323
Other Receivables-(June 2011 Tax Collections)	<u>74,146</u>	<u>74,146</u>
Total Gross Receivables	<u>256,469</u>	<u>256,469</u>
Allowance for Collection Losses	<u>9,100</u>	<u>9,100</u>
Total Net Receivables	<u>\$ 247,369</u>	<u>\$ 247,369</u>

POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

6. INTERFUND RECEIVABLES / PAYABLES AND TRANSFERS

Interfund Receivables and Payables at June 30, 2011 were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 2,610
Non-Major Governmental Funds	<u>2,610</u>	<u>-</u>
Total	<u><u>\$ 2,610</u></u>	<u><u>\$ 2,610</u></u>

All interfund balances result from the time lag between dates payments occur between funds for various activities.

Interfund transfers during the year ended June 30, 2011 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 136,000
Capital Reserve Fund	<u>136,000</u>	<u>-</u>
Total	<u><u>\$ 136,000</u></u>	<u><u>\$ 136,000</u></u>

Transfers are used to account for unrestricted revenues collected mainly in the General Fund to finance various programs accounted for in other funds in accordance with budget authorizations.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being depreciated	\$ -	\$ -	\$ -	\$ -
Land	150,000	-	-	150,000
Construction in progress	-	-	-	-
Total Capital Assets, not being depreciated	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Capital Assets, being depreciated:				
Building and Improvements	2,216,933	-	-	2,216,933
Machinery and Equipment	302,194	-	-	302,194
Vehicles	1,573,674	-	-	1,573,674
Total Capital Assets being depreciated	<u>4,092,801</u>	<u>-</u>	<u>-</u>	<u>4,092,801</u>
Less Accumulated Depreciation for:				
Building and Improvements	886,266	44,777	-	931,043
Machinery and Equipment	241,007	18,436	-	259,443
Vehicles	1,214,631	50,571	-	1,265,202
Total Accumulated Depreciation	<u>2,341,904</u>	<u>113,784</u>	<u>-</u>	<u>2,455,688</u>
Total Capital Assets, being depreciated, net	<u>1,750,897</u>	<u>(113,784)</u>	<u>-</u>	<u>1,637,113</u>
Governmental activities capital assets, net	<u><u>\$ 1,900,897</u></u>	<u><u>\$ (113,784)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,787,113</u></u>

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

7. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government Services	<u>\$ 113,784</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 113,784</u></u>

8. LONG-TERM DEBT

The District had no outstanding debt as of June 30, 2011. The District is limited in the amount of its outstanding debt by state statute. The limitation is lower of a multiple, ranging from 2.25 to 4.50 of a base related to total tax collections or seven times annual receipts from taxation. Under this limitation, the District has excess debt capacity of approximately \$8,800,000 at June 30, 2011.

9. COMPENSATED ABSENCES

Compensated absences are shown as long-term liabilities and are broken as follows:

Beginning Balance July 1, 2010	<u>\$ 537,399</u>
Increase	<u>4,679</u>
Ending Balance June 30, 2011	<u><u>\$ 542,078</u></u>

10. PENSION PLAN

The employees of the Poquonnock Bridge Fire District are covered by the pension plan of the Town of Groton. The employees contribute 6.5% of regular hourly earnings, plus up to \$3,500 of overtime earnings. The district contributes an actuarially determined amount, which amounted to \$222,068 for the year ended June 30, 2011. Details of the plan are available and maintained by the Town of Groton, Connecticut.

As of October 1, 1990, certain volunteer firemen of the Poquonnock Bridge Fire District, who meet certain eligibility requirements, are covered by a non-qualifying retirement plan. As a source of funding the plan, the district has purchased life insurance policies on the lives of certain plan participants and also an annuity contract. The amount paid by the district during the year amounted to \$5,410.

All amounts contributed to the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the volunteer or other beneficiary) solely the property and rights of the district (without being restricted to the provisions of benefits under the plan), subject only to the claims of the district's general creditors. Participants' rights under the plan are equal to those of general creditors of the district in an amount equal to the fair market value of the account for each participant. The district believes that it is unlikely that it will use the assets to satisfy the claims of the general creditors in the future.

At June 30, 2011 the amount of \$52,629 (market value of the district's investment), is reported as an agency fund in accordance with Statement 2 of the Governmental Accounting Standards Board.

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

10. PENSION PLAN (CONTINUED)

A summary of the plan is as follows:

Eligibility: Active, under age 70, normal state of health, one year of service.

Benefits: Minimum of two years in plan; at age sixty, monthly benefits of \$300 for twenty years or lump sum of \$72,000. At death, balance goes to beneficiary of participant.

During the year ended June 30, 2011 volunteers were receiving retirement benefits of \$300 per month. The payment of these non-qualifying retirement benefits amounted to \$14,400.

11. POST-EMPLOYMENT BENEFITS

Plan Description

The Poquonnock Bridge Fire District administers one single-employer, post retirement healthcare plan, for the Poquonnock Bridge Fire District's Other Post Employment Benefits (OPEB). The plan provides medical benefits and life insurance to eligible retirees and their spouses.

Benefit Provisions

a. Benefit Provisions

The Poquonnock Bridge Fire District's plan provides for medical and life insurance benefits for all eligible Fire District retirees. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from current operations.

b. Employer Contributions

The Poquonnock Bridge Fire District's contributions are actuarially determined on an annual basis using the Entry Age Actuarial Cost Method.

c. Employee Contributions

There are no employee contributions to the plan.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Over/ (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over (Under) Funded AAL As a Percent of Covered Payroll
June 30, 2010	\$ -	\$ 11,589,730	\$ (11,589,730)	0.0%	\$ 2,277,622	-508.85%

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

11. POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits. The year ended June 30, 2011 is the second year the District is reporting in accordance with GASB No. 45.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefits costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and the plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarially accrued liabilities and the actuarial value of assets.

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

Valuation date	June 30, 2010
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	30 years open
Asset Valuation Method	Market Value
 <u>Actuarial Assumptions</u>	
Investment rate of return	3.5%
Healthcare inflation rate	Ranging from 9.0% Year 1 to 4.70% Year 10 consistent with the Getzen model

Annual OPEB Cost and Net OPEB Obligation (NOO)

The changes in the NOO were as follows:

Annual required contribution	\$ 1,050,382
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>1,050,382</u>
Contributions made	213,553
Benefit Payments	<u>(213,553)</u>
Change in net OPEB obligation	1,050,382
Net OPEB obligation - July 1, 2010	<u>1,050,382</u>
Net OPEB obligation - June 30, 2011	<u><u>\$ 2,100,764</u></u>

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

11. POST-EMPLOYMENT BENEFITS (CONTINUED)

Trend Information

Year ending 30-Jun	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2010	\$ 1,050,382	0%	\$ 1,050,382
2011	1,050,382	0%	2,100,764

12. RESTRICTED FUND BALANCE

The Hazmat Fund Special Revenue Fund accounts for revenue derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities. The Hazmat Fund has \$2,610 restricted for future payments for hazmat equipment.

13. RISK MANAGEMENT

The district is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The town purchases commercial insurance for all risks of loss. During the past three years, deductibles paid by the district were not significant.

14. LITIGATION

Legal counsel indicates that there are no material or substantial claims against the district nor is there pending litigation which would be finally determined so as to result in a final judgment against the district which would materially adversely affect its financial position.

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

A. No individual funds reflected deficit fund balances as of June 30, 2011.

**SUPPLEMENTAL AND COMBINING
FUND STATEMENTS AND SCHEDULES**

GENERAL FUND

**POQUONNOCK BRIDGE FIRE DISTRICT
GENERAL FUND
BALANCE SHEET
June 30, 2011**

ASSETS

Cash and Cash Equivalents	\$ 659,466
Property Taxes Receivable	182,323
Other Receivables	<u>74,146</u>

TOTAL ASSETS \$ 915,935

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 94,521
Due to Other Funds	2,610
Accrued Liabilities	46,560
Deferred Property Taxes	<u>164,065</u>

TOTAL LIABILITIES 307,756

FUND BALANCE

Unassigned	<u>608,179</u>
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TOTAL FUND BALANCE 608,179

TOTAL LIABILITIES AND FUND BALANCE \$ 915,935

**POQUONNOCK BRIDGE FIRE DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES-
BUDGET TO ACTUAL
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
PROPERTY TAXES				
Property Taxes	\$ 3,742,299	\$ 3,742,299	\$ 3,843,127	\$ 100,828
Interest and Lien Fees	-	-	61,436	61,436
TOTAL PROPERTY TAXES	<u>3,742,299</u>	<u>3,742,299</u>	<u>3,904,563</u>	<u>162,264</u>
INVESTMENT INCOME				
Interest on Temporary Cash Investments	<u>2,000</u>	<u>2,000</u>	<u>8,569</u>	<u>6,569</u>
INTERGOVERNMENTAL REVENUES				
State of Connecticut:				
Miscellaneous Grants	30,000	30,000	36,253	6,253
Storm Reimbursement	-	-	19,986	19,986
Other Governmental Units:				
Groton - Lieu of Taxes	<u>154,550</u>	<u>154,550</u>	<u>154,550</u>	<u>-</u>
TOTAL INTERGOVERNMENTAL REVENUES	<u>184,550</u>	<u>184,550</u>	<u>210,789</u>	<u>26,239</u>
OTHER REVENUES				
Miscellaneous	2,500	2,500	31,824	29,324
Old Mystic Fire Alarm Reimbursement	<u>8,518</u>	<u>8,518</u>	<u>8,386</u>	<u>(132)</u>
TOTAL OTHER REVENUES	<u>11,018</u>	<u>11,018</u>	<u>40,210</u>	<u>29,192</u>
TOTAL REVENUES	<u>\$ 3,939,867</u>	<u>\$ 3,939,867</u>	<u>\$ 4,164,131</u>	<u>\$ 224,264</u>

**POQUONNOCK BRIDGE FIRE DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES -
BUDGET TO ACTUAL
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	
EXPENDITURES				
GENERAL GOVERNMENT				
Salaries	\$ 2,089,704	\$ 2,089,704	\$ 2,014,661	\$ 75,043
Administrative Salaries	258,128	258,128	262,961	(4,833)
Pensions	260,288	260,288	259,228	1,060
Insurance-Life & Health	1,008,205	1,008,205	938,359	69,846
Benefits-Heart & Hypertension	51,231	51,231	49,667	1,564
Physical Health & Safety	14,930	14,930	13,895	1,035
Salaries-Elected Officials	2,400	2,400	2,400	-
Poquonnock Bridge Volunteer Service	19,810	19,810	19,810	-
Insurance-Property & Liability	37,900	37,900	29,832	8,068
Apparatus Maintenance	83,600	83,600	76,810	6,790
Consumable Supplies	21,490	21,490	17,539	3,951
Alarm System Maintenance	12,610	12,610	12,611	(1)
Building Maintenance	120,150	120,150	119,158	992
Staff Expenses	1,200	1,200	1,179	21
Training Expenses	32,800	32,800	27,215	5,585
Clothing	30,120	30,120	25,087	5,033
Fire Prevention	6,300	6,300	5,991	309
New Equipment	21,000	21,000	21,000	-
Hydrant Rentals	86,530	86,530	86,530	-
Office Equipment & Supplies	7,000	7,000	6,507	493
IT Communications	17,805	17,805	18,558	(753)
Administrative Services	54,733	54,733	65,630	(10,897)
Dues and Publications	1,251	1,251	1,067	184
Contingency	87,504	87,504	-	87,504
TOTAL GENERAL GOVERNMENT	4,326,689	4,326,689	4,075,695	250,994
TRANSFERS TO OTHER FUNDS				
Capital Reserve Fund	136,000	136,000	136,000	-
TOTAL EXPENDITURES	4,462,689	4,462,689	4,211,695	250,994
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (522,822)	\$ (522,822)	\$ (47,564)	\$ 475,258

NONMAJOR GOVERNMENTAL FUNDS

**POQUONNOCK BRIDGE FIRE DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2011**

	<u>Special Revenue Hazmat Fund</u>
ASSETS	
Due from Other Funds	\$ 2,610
TOTAL ASSETS	<u>\$ 2,610</u>
LIABILITIES	-
FUND BALANCES	
Restricted	\$ 2,610
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,610</u>

POQUONNOCK BRIDGE FIRE DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2011

	<u>Special Revenue Hazmat Fund</u>
REVENUES	
Investment Income	\$ -
TOTAL REVENUES	-
EXPENDITURES	
General Government	-
TOTAL EXPENDITURES	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-
FUND BALANCES, BEGINNING OF YEAR	<u>2,610</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 2,610</u></u>

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

POQUONNOCK BRIDGE FIRE DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS --
SCHEDULE BY SOURCE
June 30, 2011

GOVERNMENTAL FUNDS CAPITAL ASSETS

Land	\$ 150,000
Buildings and Improvements	2,216,933
Machinery and Equipment	302,194
Vehicles	1,573,674
Infrastructure	<u>-</u>

TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS **\$ 4,242,801**

Investments in Governmental Funds Capital by source:

Assets put into service prior to July 1, 2011 \$ 4,242,801

POQUONNOCK BRIDGE FIRE DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2011

	<u>Land</u>	<u>Building and Improvements</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Total</u>
General Government	\$ 150,000	\$ 2,216,933	\$ 302,194	\$ 1,573,674	\$ -	\$ 4,242,801

POQUONNOCK BRIDGE FIRE DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
SCHEDULE OF CHANGES
Year Ended June 30, 2011

	General Fixed Assets <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	General Fixed Assets <u>June 30, 2011</u>
General Government	<u>\$ 4,242,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,242,801</u>

OTHER SCHEDULES

POQUONNOCK BRIDGE FIRE DISTRICT
REPORT OF TAX COLLECTOR
Year Ended June 30, 2011

Grand List Year	Uncollected Taxes July 1, 2010	Current Year Levy	Net Lawful Corrections	Transfer to Suspense	Net Taxes Collectible	Collections During the Year				Uncollected Tax June 30, 2011
						Taxes	Interest	Liens	Total	
2009	\$ -	\$ 3,906,073	\$ (34,808)	\$ (23,524)	\$ 3,847,741	\$ 3,749,344	\$ 18,510	\$ 264	\$ 3,768,118	\$ 98,397
2008	116,962	-	(1,899)	(7,439)	107,624	65,098	24,311	1,420	90,829	42,526
2007	34,276	-	2,988	(3,888)	33,376	11,431	9,664	552	21,647	21,945
2006	13,430	-	(1,515)	(950)	10,965	(413)	2,502	72	2,161	11,378
2005	5,943	-	1,191	-	7,134	1,628	1,733	48	3,409	5,506
2004	939	-	271	-	1,210	375	660	24	1,059	835
2003	705	-	-	-	705	99	438	24	561	606
2002	668	-	-	-	668	94	298	24	416	574
2001	405	-	-	-	405	-	126	-	126	405
2000	100	-	-	-	100	-	49	-	49	100
1999	23	-	-	-	23	-	122	-	122	23
1998	7	-	-	-	7	-	174	-	174	7
1997	7	-	-	-	7	-	28	-	28	7
1996	7	-	-	-	7	-	191	-	191	7
1995	7	-	-	-	7	-	202	-	202	7
1994	6	-	(6)	-	-	-	-	-	-	-
	<u>\$ 173,485</u>	<u>\$ 3,906,073</u>	<u>\$ (33,778)</u>	<u>\$ (35,801)</u>	<u>\$ 4,009,979</u>	<u>\$ 3,827,656</u>	<u>\$ 59,008</u>	<u>\$ 2,428</u>	<u>3,889,092</u>	<u>\$ 182,323</u>

Suspense Collections	9,728
Overpayments	27,254
60 day collections 06/30/10	(39,769)
60 day collections 06/30/11	18,258
	<u>\$ 3,904,563</u>

**POQUONNOCK BRIDGE FIRE DISTRICT
SCHEDULE OF DEBT LIMITATION
Year Ended June 30, 2011**

Total Tax Collections (Including Interest and Lien Fees) for Current Fiscal Year	\$ 3,904,563
Reimbursement for Revenue Loss On: Tax Relief for Elderly	<u> -</u>
	<u><u>\$ 3,904,563</u></u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
DEBT LIMITATION					
2.25 x \$3,904,563	\$ 8,785,267	\$ -	\$ -	\$ -	\$ -
4.50 x \$3,904,563	-	17,570,534	-	-	-
3.75 x \$3,904,563	-	-	14,642,111	-	-
3.25 x \$3,904,563	-	-	-	12,689,830	-
3.00 x \$3,904,563	-	-	-	-	11,713,689
TOTAL DEBT LIMITATION	<u>8,785,267</u>	<u>17,570,534</u>	<u>14,642,111</u>	<u>12,689,830</u>	<u>11,713,689</u>
OUTSTANDING INDEBTEDNESS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
AUTHORIZED BUT UNISSUED INDEBTEDNESS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OUTSTANDING AND AUTHORIZED BUT UNISSUED INDEBTEDNESS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING OR AUTHORIZED DEBT	<u>\$ 8,785,267</u>	<u>\$ 17,570,534</u>	<u>\$ 14,642,111</u>	<u>\$ 12,689,830</u>	<u>\$ 11,713,689</u>

NOTE: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$27,331,941.