

POQUONNOCK BRIDGE FIRE DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Year Ended June 30, 2012

**BAUDE & ROLFE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
35 Huntington Street
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POQUONNOCK BRIDGE FIRE DISTRICT

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Ronald J. Baude, CPA

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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, 2012, 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, 2012, 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 14, 2012 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 14, 2012



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**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, 2012, which collectively comprise the Poquonnock Bridge Fire District's basic financial statements and have issued our report thereon dated December 14, 2012. 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

Management of the Poquonnock Bridge Fire District is responsible for establishing and maintaining effective 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 opinion 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 14, 2012

**POQUONNOCK BRIDGE FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

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, 2012.

Financial Highlights:

- The liabilities of the Poquonnock Bridge Fire District exceeded its assets at the close of the most recent fiscal year by \$44,266. Of this amount, unrestricted net assets have a deficit of \$1,876,000.
- The government's total net assets decreased by \$682,172. 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 \$1,676,618. Approximately 24.6% of this total amount, \$412,015 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 2012 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 \$411,539 in the FYE 2013 budget.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$412,015 or 9.60% 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.

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, vehicles and equipment. 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.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; uncollected taxes and earned but unused vacation leave are examples.

The governmental activities of the Poquonnock Bridge Fire District include public safety and general government services. Property taxes finance most of these activities. The fire district reports substantially all of its activities as general government, as it is a political subdivision of the Town of Groton providing emergency services.

The government-wide financial statements (statement of net assets and statement of activities) can be found on pages 11-12 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Poquonnock Bridge Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Poquonnock Bridge Fire District are categorized as governmental funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Poquonnock Bridge Fire District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. The Capital Reserve Fund is also considered to be a major fund. There are three other Special Revenue Funds. Individual fund data for these non-major governmental funds is provided elsewhere in this report.

The Poquonnock Bridge Fire District adopted an annual appropriated budget for its general fund.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 13-14 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in the notes is the information concerning the Poquonnock Bridge Fire District's funding of its obligation to provide pension benefits to its employees. The notes to the financial statements can be found on pages 17-29 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds and proprietary funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found beginning on page 30 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the District, liabilities exceed assets by \$44,266 at the close of the fiscal year ended June 30, 2012.

By far the largest portion of the Poquonnock Bridge Fire District’s net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Poquonnock Bridge Fire District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Poquonnock Bridge Fire District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The largest portion of the liabilities are the unfunded other post-employment benefits that the District is committed to.

	<u>June 30, 2012</u> <u>Net Assets</u> <u>Governmental</u> <u>Activities</u>	<u>June 30, 2011</u> <u>Net Assets</u> <u>Governmental</u> <u>Activities</u>
ASSETS		
Current and Other Assets	\$ 2,090,319	\$ 1,634,716
Capital Assets	<u>1,831,734</u>	<u>1,787,113</u>
TOTAL ASSETS	<u><u>3,922,053</u></u>	<u><u>3,421,829</u></u>
LIABILITIES		
Long-Term Liabilities Outstanding	3,767,570	2,642,842
Other Liabilities	<u>198,749</u>	<u>141,081</u>
TOTAL LIABILITIES	<u><u>3,966,319</u></u>	<u><u>2,783,923</u></u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,831,734	1,787,113
Unrestricted	<u>(1,876,000)</u>	<u>(1,149,207)</u>
TOTAL NET ASSETS	<u><u>\$ (44,266)</u></u>	<u><u>\$ 637,906</u></u>

Governmental Activities

Governmental activities decreased the Poquonnock Bridge Fire District’s net assets by \$682,172. Key elements of this decrease are as follows:

- The annual requirement to fund post-employment benefits for retirees amounted to \$1,050,382.
- Actual revenues were higher than budgeted and actual expenditures were less than budgeted.

	<u>June 30, 2012</u> <u>Changes in Net Assets</u> <u>Governmental</u> <u>Activities</u>	<u>June 30, 2011</u> <u>Changes in Net Assets</u> <u>Governmental</u> <u>Activities</u>
Revenues:		
Program Revenues:		
Charges for services	\$ -	\$ -
Operating grants and contributions	-	-
Capital grants and contributions	128,441	-
General Revenues:		
Property Taxes	4,437,836	3,934,513
Grants and contributions not restricted to specific programs	308,172	250,999
Other	4,148	10,631
Total Revenues	<u>4,878,597</u>	<u>4,196,143</u>
Expenses:		
General Government	5,560,769	5,160,685
Capital Outlay	-	-
Interest on Long-Term Debt	-	-
Total Expenses	<u>5,560,769</u>	<u>5,160,685</u>
Increase (Decrease) in net assets	(682,172)	(964,542)
Net Assets, beginning of year	<u>637,906</u>	<u>1,602,448</u>
Net Assets, end of year	<u>\$ (44,266)</u>	<u>\$ 637,906</u>

Major revenue factors included:

- Property tax revenues recorded for fiscal year 2012 reflect a tax rate of 5.50 mills and growth in the total assessed value of all taxable property. Actual property tax revenues were approximately \$104,000 over budget.
- Grant revenue received from the Assistance to Firefighters Grant Program in the amount of \$151,267.

For Governmental Activities, the majority of the Poquonnock Bridge Fire District's expenditures related to the general government's public safety as a fire district.

Major expenditure factors include:

- Increases in insurance benefits and pension costs for the year.
- Increase in the required accounting for the liability for post-employment benefits of approximately \$1,000,000.

Financial Analysis of the Government's Funds

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

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 \$1,676,618 an increase of \$347,048 in comparison with the prior year. \$412,015 constitutes unassigned fund balance. Included in the \$1,676,618 is a committed amount of \$411,539 to be used in the FYE 2013 budget and \$95,354 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 \$412,015, while total fund balance was \$918,908. 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 9.60 percent of the total General Fund expenditures.

The fund balance of the Poquonnock Bridge Fire District's General Fund increased by \$319,829 during the current fiscal year. Key factors in this increase are as follows:

- Actual revenues for the fiscal year ending 2012 were approximately \$127,000 more than budgeted.
- The final budget of the Poquonnock Bridge Fire District for fiscal year ending 2012 included a planned draw down of fund balance in the amount of \$0, representing a portion of the unassigned fund balance from prior years. Actual expenditures were approximately \$198,000 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 \$4,616,487 which exceeded budgetary estimates by \$127,487. Actual tax revenues exceeded the budget by \$104,306. Intergovernmental funds received were \$15,889 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 \$4,291,244. This was less than actual revenues on a budgetary basis by \$325,243. The fiscal year 2012 budget included the use of \$0 of fund balance. Actual expenditures came in under the final budget by \$197,756.

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, 2012, amounts to \$1,831,734 (net of accumulated depreciation). This investment in capital assets includes land, building and building improvements, machinery and equipment, and vehicles.

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

- Acquisition of a vehicle in the amount of \$33,132.
- Acquisition of firefighting equipment in the amount of \$126,728.

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 \$30.7 million. As of June 30, 2012, 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 2013 budget:

- Continued low interest rates.
- Increase in pension costs due to the economic crisis.
- The planned draw down from surplus of approximately \$400,000.
- Hard-to-control increases in health and liability insurance.

During the fiscal year, the total fund balance of the general fund increased to \$918,908, and the unassigned portion of the general fund balance decreased to \$412,015.

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, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,858,051
Receivables (Net of Uncollectible)	
Property Taxes	222,167
Accounts Receivable	10,101
Capital Assets, Net of Accumulated Depreciation	<u>1,831,734</u>
TOTAL ASSETS	<u><u>\$ 3,922,053</u></u>
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 198,749
Non-current Liabilities:	
Compensated Absences	616,424
Net OPEB Obligation	<u>3,151,146</u>
TOTAL LIABILITIES	<u>3,966,319</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	1,831,734
Unrestricted	<u>(1,876,000)</u>
TOTAL NET ASSETS	<u><u>\$ (44,266)</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, 2012

<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	\$ (5,560,769)	\$ -	\$ -	\$ 128,441	\$ (5,432,328)
Total Primary Government	<u>\$ (5,560,769)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,441</u>	<u>\$ (5,432,328)</u>
			General revenues:		
			Property Taxes	4,437,836	
			Grants and contributions not restricted to specific programs	308,172	
			Unrestricted investment earnings	4,148	
			Total general revenues	<u>4,750,156</u>	
			Change in net assets	(682,172)	
			Net assets - beginning	637,906	
			Net assets - ending	<u>\$ (44,266)</u>	

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

POQUONNOCK BRIDGE FIRE DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2012

	General	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,100,746	\$ 705,115	\$ 52,190	\$ 1,858,051
Due from Other Funds	-	-	405	405
Receivables (Net of Uncollectible)				
Property Taxes	222,167	-	-	222,167
Other Receivables	10,101	-	-	10,101
TOTAL ASSETS	1,333,014	705,115	52,595	2,090,724
LIABILITIES				
Accounts Payable and Accrued Expenses	198,749	-	-	198,749
Due to Other Funds	405	-	-	405
Deferred Revenues	214,952	-	-	214,952
TOTAL LIABILITIES	414,106	-	-	414,106
FUND BALANCES				
Restricted	-	-	52,595	52,595
Committed	411,539	705,115	-	1,116,654
Assigned	95,354	-	-	95,354
Unassigned	412,015	-	-	412,015
TOTAL FUND BALANCES	918,908	705,115	52,595	1,676,618
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,333,014	\$ 705,115	\$ 52,595	
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.				1,831,734
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				214,952
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.				(3,767,570)
Net assets of governmental activities				\$ (44,266)

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, 2012

	<u>General</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
General Property Taxes	\$ 4,386,949	\$ -	\$ -	\$ 4,386,949
Intergovernmental	200,439	9,146	151,267	360,852
Investment Income	2,905	1,220	23	4,148
Other Revenue	23,594	-	52,167	75,761
TOTAL REVENUES	<u>4,613,887</u>	<u>10,366</u>	<u>203,457</u>	<u>4,827,710</u>
EXPENDITURES				
Current:				
General Government	4,294,058	-	34,177	4,328,235
Capital Outlay	-	33,132	119,295	152,427
TOTAL EXPENDITURES	<u>4,294,058</u>	<u>33,132</u>	<u>153,472</u>	<u>4,480,662</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	319,829	(22,766)	49,985	347,048
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES	319,829	(22,766)	49,985	347,048
FUND BALANCES, BEGINNING	<u>599,079</u>	<u>727,881</u>	<u>2,610</u>	<u>1,329,570</u>
FUND BALANCES, ENDING	<u>\$ 918,908</u>	<u>\$ 705,115</u>	<u>\$ 52,595</u>	<u>\$ 1,676,618</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, 2012**

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)	\$	347,048
--	----	---------

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

44,621

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

50,887

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.

-

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.

(1,124,728)

Change in net assets of governmental activities (page 12)

\$ (682,172)

POQUONNOCK BRIDGE FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES --
BUDGET TO ACTUAL -- GENERAL FUND
Year Ended June 30, 2012

	<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	\$ 4,285,243	\$ 4,285,243	\$ 4,389,549	\$ 104,306
Intergovernmental Revenue	184,550	184,550	200,439	15,889
Investment Income	8,000	8,000	2,905	(5,095)
Other Revenue	11,207	11,207	23,594	12,387
TOTAL REVENUES	<u>4,489,000</u>	<u>4,489,000</u>	<u>4,616,487</u>	<u>127,487</u>
EXPENDITURES				
Current:				
General Government	4,489,000	4,489,000	4,291,244	197,756
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>4,489,000</u>	<u>4,489,000</u>	<u>4,291,244</u>	<u>197,756</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,243</u>	<u>\$ 325,243</u>

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

POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012

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.

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, 2012

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, 2012

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 an assignment 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, 2012

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 \$3,767,570 difference are as follows:

Compensated Absences	\$	616,424
Net OPEB Obligation		<u>3,151,146</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	\$	<u>3,767,570</u>

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 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 \$44,621 difference are as follows:

Capital Outlay	\$	159,860
Depreciation Expense		<u>(115,239)</u>
Net Adjustment to Increase Net Changes in Fund Balances - total Governmental Funds to arrive at changes in Net Assets of Governmental Activities	\$	<u>44,621</u>

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.

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, 2012.

POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

3. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

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, 2012 follows:

	General Fund	
	Revenues and Transfers	Expenditures and Transfers
GAAP basis, Page 14	\$ 4,613,887	\$ 4,294,058
Encumbrances		
June 30, 2011	-	(99,768)
June 30, 2012	-	95,354
Allowance for Uncollectible Property Taxes	2,600	-
Unliquidated Encumbrances June 30, 2011	-	1,600
Non-GAAP budgetary basis, Page 16	\$ 4,616,487	\$ 4,291,244

POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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 do 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, 2012:

Deposits:	
Demand Accounts	\$ 1,858,051
Certificates of Deposit	<u>-</u>
Total Deposits	1,858,051
Less: Certificates of Deposits Classified as Investments	<u>-</u>
 Total Cash and Cash Equivalents	 <u>\$ 1,858,051</u>

Deposits

At June 30, 2012 the carrying amount of the Poquonnock Bridge Fire District deposits was \$1,858,051 and the bank balance was \$1,890,750.

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, 2012 bank balance \$1,383,445 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 \$507,305 was uninsured and uncollateralized.

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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, 2012, the District did not have any cash equivalents.

Investments

As of June 30, 2012, the Poquonnock Bridge Fire District did not have any investments.

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.

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, 2012, 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, 2012, including the applicable allowances for collection losses, are as follows:

	General Fund	Total
Property Taxes	\$ 233,867	\$ 233,867
Other Receivables-(June 2012 Tax Collections)	10,101	10,101
Total Gross Receivables	243,968	243,968
Allowance for Collection Losses	(11,700)	(11,700)
Total Net Receivables	\$ 232,268	\$ 232,268

POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

6. INTERFUND RECEIVABLES / PAYABLES AND TRANSFERS

Interfund Receivables and Payables at June 30, 2012 were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 405
Non-Major Governmental Funds	405	-
Total	\$ 405	\$ 405

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, 2012 were as follows:

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

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, 2012 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	150,000	-	-	150,000
Capital Assets, being depreciated:				
Building and Improvements	2,216,933	-	-	2,216,933
Machinery and Equipment	302,194	126,728	-	428,922
Vehicles	1,573,674	33,132	-	1,606,806
Total Capital Assets being depreciated	4,092,801	159,860	-	4,252,661
Less Accumulated Depreciation for:				
Building and Improvements	931,043	44,777	-	975,820
Machinery and Equipment	259,443	18,257	-	277,700
Vehicles	1,265,202	52,205	-	1,317,407
Total Accumulated Depreciation	2,455,688	115,239	-	2,570,927
Total Capital Assets, being depreciated, net	1,637,113	44,621	-	1,681,734
Governmental activities capital assets, net	\$ 1,787,113	\$ 44,621	\$ -	\$ 1,831,734

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

7. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government Services	\$ <u>115,239</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>115,239</u></u>

8. LONG-TERM DEBT

The District had no outstanding debt as of June 30, 2012. 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 \$10,000,000 at June 30, 2012.

9. COMPENSATED ABSENCES

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

Beginning Balance July 1, 2011	\$ 542,078
Increase	<u>74,346</u>
Ending Balance June 30, 2012	\$ <u><u>616,424</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 \$ 360,658 for the year ended June 30, 2012. 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 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 \$2,705. During the year ended June 30, 2012, the District surrendered the policies for their respective cash values due to increasing premiums. The proceeds will be used to fund future volunteer benefits.

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.

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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. At death, balance goes to beneficiary of participant.

During the year ended June 30, 2012 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, 2012 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%	\$ 2,322,002	-499.13%

POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012 is the third 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	1,050,382
Contributions made	236,036
Benefit Payments	<u>(236,036)</u>
Change in net OPEB obligation	1,050,382
Net OPEB obligation - July 1, 2011	<u>2,100,764</u>
Net OPEB obligation - June 30, 2012	<u><u>\$ 3,151,146</u></u>

**POQUONNOCK BRIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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
2012	1,050,382	0%	3,151,146

12. 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.

13. 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.

14. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

No individual funds reflected deficit fund balances as of June 30, 2012.

**SUPPLEMENTAL AND COMBINING
FUND STATEMENTS AND SCHEDULES**

GENERAL FUND

POQUONNOCK BRIDGE FIRE DISTRICT
GENERAL FUND
BALANCE SHEET
June 30, 2012

ASSETS

Cash and Cash Equivalents	\$ 1,100,746
Property Taxes Receivable	233,867
Other Receivables	<u>10,101</u>

TOTAL ASSETS

\$ 1,344,714

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 138,175
Due to Other Funds	405
Accrued Liabilities	60,574
Deferred Property Taxes	<u>214,952</u>

TOTAL LIABILITIES

414,106

FUND BALANCE

Committed	411,539
Assigned	95,354
Unassigned	<u>423,715</u>

TOTAL FUND BALANCE

930,608

TOTAL LIABILITIES AND FUND BALANCE

\$ 1,344,714

**POQUONNOCK BRIDGE FIRE DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES-
BUDGET TO ACTUAL
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
PROPERTY TAXES				
Property Taxes	\$ 4,285,243	\$ 4,285,243	\$ 4,353,125	\$ 67,882
Interest and Lien Fees	-	-	36,424	36,424
TOTAL PROPERTY TAXES	<u>4,285,243</u>	<u>4,285,243</u>	<u>4,389,549</u>	<u>104,306</u>
INVESTMENT INCOME				
Interest on Temporary Cash Investments	<u>8,000</u>	<u>8,000</u>	<u>2,905</u>	<u>(5,095)</u>
INTERGOVERNMENTAL REVENUES				
State of Connecticut:				
Miscellaneous Grants	30,000	30,000	45,889	15,889
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>200,439</u>	<u>15,889</u>
OTHER REVENUES				
Miscellaneous	2,500	2,500	16,362	13,862
Old Mystic Fire Alarm Reimbursement	<u>8,707</u>	<u>8,707</u>	<u>7,232</u>	<u>(1,475)</u>
TOTAL OTHER REVENUES	<u>11,207</u>	<u>11,207</u>	<u>23,594</u>	<u>12,387</u>
TOTAL REVENUES	<u>\$ 4,489,000</u>	<u>\$ 4,489,000</u>	<u>\$ 4,616,487</u>	<u>\$ 127,487</u>

**POQUONNOCK BRIDGE FIRE DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES -
BUDGET TO ACTUAL
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>			Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	
EXPENDITURES				
GENERAL GOVERNMENT				
Salaries	\$ 2,135,639	\$ 2,135,639	\$ 2,061,925	\$ 73,714
Administrative Salaries	260,077	260,077	260,077	-
Pensions	400,843	400,843	397,751	3,092
Insurance-Life & Health	1,063,813	1,063,813	1,068,196	(4,383)
Benefits-Heart & Hypertension	51,077	51,077	52,122	(1,045)
Physical Health & Safety	12,990	12,990	12,679	311
Salaries-Elected Officials	1,200	1,200	1,200	-
Poquonnock Bridge Volunteer Service	19,810	19,810	17,105	2,705
Insurance-Property & Liability	31,325	31,325	30,895	430
Apparatus Maintenance	87,650	87,650	73,453	14,197
Consumable Supplies	19,410	19,410	15,022	4,388
Alarm System Maintenance	12,610	12,610	12,050	560
Building Maintenance	95,215	95,215	91,320	3,895
Staff Expenses	1,200	1,200	816	384
Training Expenses	21,400	21,400	16,393	5,007
Clothing	27,200	27,200	26,210	990
Fire Prevention	5,490	5,490	4,150	1,340
New Equipment	14,495	14,495	14,642	(147)
Hydrant Rentals	50,000	50,000	50,000	-
Office Equipment & Supplies	5,800	5,800	5,551	249
IT Communtcations	21,397	21,397	17,157	4,240
Administrative Services	61,221	61,221	61,516	(295)
Dues and Publications	1,118	1,118	1,014	104
Contingency	88,020	88,020	-	88,020
TOTAL GENERAL GOVERNMENT	4,489,000	4,489,000	4,291,244	197,756
TRANSFERS TO OTHER FUNDS				
Capital Reserve Fund	-	-	-	-
TOTAL EXPENDITURES	4,489,000	4,489,000	4,291,244	197,756
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 325,243	\$ 325,243

NONMAJOR GOVERNMENTAL FUNDS

**POQUONNOCK BRIDGE FIRE DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2012**

	<u>Special Revenue</u>			<u>Total</u>
	<u>Hazmat Fund</u>	<u>Obligation Fund</u>	<u>ASG Grant Fund</u>	
ASSETS				
Cash	\$ -	\$ 52,190	\$ -	\$ 52,190
Due from Other Funds	-	-	405	405
TOTAL ASSETS	<u>-</u>	<u>52,190</u>	<u>405</u>	<u>\$ 52,595</u>
LIABILITIES	-	-	-	-
FUND BALANCES				
Restricted	-	52,190	405	\$ 52,595
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 52,190</u>	<u>\$ 405</u>	<u>\$ 52,595</u>

**POQUONNOCK BRIDGE FIRE DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2012**

	Special Revenue			Total
	Hazmat Fund	Obligation Fund	ASG Grant Fund	
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ 151,267	\$ 151,267
Investment Income	-	23	-	23
Other Revenue	-	52,167	-	52,167
TOTAL REVENUES	-	52,190	151,267	203,457
EXPENDITURES				
General Government	2,610	-	31,567	34,177
Capital Outlay	-	-	119,295	119,295
TOTAL EXPENDITURES	2,610	-	150,862	153,472
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,610)	52,190	405	49,985
FUND BALANCES, BEGINNING OF YEAR	2,610	-	-	2,610
FUND BALANCES, END OF YEAR	\$ -	\$ 52,190	\$ 405	\$ 52,595

**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, 2012

GOVERNMENTAL FUNDS CAPITAL ASSETS

Land	\$ 150,000
Buildings and Improvements	2,216,933
Machinery and Equipment	428,922
Vehicles	1,606,806
Infrastructure	<u>-</u>

TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS

\$ 4,402,661

Investments in Governmental Funds Capital by source:

Assets put into service prior to July 1, 2012	<u>\$ 4,402,661</u>
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POQUONNOCK BRIDGE FIRE DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2012

	<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	\$ 428,922	\$ 1,606,806	-	\$ 4,402,661

**POQUONNOCK BRIDGE FIRE DISTRICT
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
 SCHEDULE OF CHANGES
 Year Ended June 30, 2012**

	General Fixed Assets <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	General Fixed Assets <u>June 30, 2012</u>
General Government	<u>\$ 4,242,801</u>	<u>\$ 159,860</u>	<u>\$ -</u>	<u>\$ 4,402,661</u>

OTHER SCHEDULES

POQUONNOCK BRIDGE FIRE DISTRICT
REPORT OF TAX COLLECTOR
Year Ended June 30, 2012

Grand List Year	Uncollected Taxes June 30, 2011	Current Year Levy	Net Lawful Corrections	Transfer to Suspense	Net Taxes Collectible	Collections During the Year				Uncollected Taxes June 30, 2012
						Taxes	Interest	Liens	Total	
2010	\$	\$ 4,455,530	\$ (22,351)	\$ 16,984	\$ 4,416,195	\$ 4,297,310	\$ 18,503	\$ 288	\$ 4,316,101	\$ 118,885
2009	98,397		(1,358)	9,992	87,047	34,726	9,559	942	45,227	52,321
2008	42,526		364	4,501	38,389	10,782	3,061	416	14,259	27,607
2007	21,945		185	2,063	20,067	1,559	1,390	120	3,069	18,508
2006	11,378		1	1,149	10,230	169	359	24	552	10,061
2005	5,506		74	868	4,712	-	136	-	136	4,712
2004	835		-	182	653	-	80	-	80	653
2003	606		1	173	434	-	63	-	63	434
2002	574		1	164	411	43	151	24	218	368
2001	405		-	164	241	-	135	-	135	241
2000	100		-	23	77	-	247	-	247	77
1999	23		-	23	-	-	213	-	213	-
1998	7		-	7	-	-	58	-	58	-
1997	7		-	7	-	-	481	-	481	-
1996	7		-	7	-	-	174	-	174	-
1995	7		(7)	-	-	-	-	-	-	-
	<u>\$ 182,323</u>	<u>\$ 4,455,530</u>	<u>\$ (23,090)</u>	<u>\$ 36,307</u>	<u>\$ 4,578,456</u>	<u>\$ 4,344,589</u>	<u>\$ 34,610</u>	<u>\$ 1,814</u>	4,381,013	<u>\$ 233,867</u>

Suspense Collections	4,428
Overpayments	3,451
60 day collections 06/30/11	(18,258)
60 day collections 06/30/12	18,915
	<u>\$ 4,389,549</u>

**POQUONNOCK BRIDGE FIRE DISTRICT
SCHEDULE OF DEBT LIMITATION
Year Ended June 30, 2012**

Total Tax Collections (Including Interest and Lien Fees) for Current Fiscal Year	\$ 4,389,549
Reimbursement for Revenue Loss On: Tax Relief for Elderly	<u> -</u>
	<u><u>\$ 4,389,549</u></u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
DEBT LIMITATION					
2.25 x \$4,389,549	\$ 9,876,485	\$ -	\$ -	\$ -	\$ -
4.50 x \$4,389,549	-	19,752,971	-	-	-
3.75 x \$4,389,549	-	-	16,460,809	-	-
3.25 x \$4,389,549	-	-	-	14,266,034	-
3.00 x \$4,389,549	-	-	-	-	13,168,647
TOTAL DEBT LIMITATION	<u>9,876,485</u>	<u>19,752,971</u>	<u>16,460,809</u>	<u>14,266,034</u>	<u>13,168,647</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>\$ 9,876,485</u>	<u>\$ 19,752,971</u>	<u>\$ 16,460,809</u>	<u>\$ 14,266,034</u>	<u>\$ 13,168,647</u>

NOTE: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$30,726,843.