

**TOWN OF NORTH STONINGTON, CONNECTICUT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**  
**with**  
**SUPPLEMENTAL STATEMENTS AND SCHEDULES**  
**and**  
**INDEPENDENT AUDITOR'S REPORT**

*Sandra E. Welwood, LLC*  
Certified Public Accountants

# TOWN OF NORTH STONINGTON, CONNECTICUT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
Town of North Stonington, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of North Stonington, Connecticut (the "Town") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2013, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Sandra E. Welwood, LLC*

Danbury, Connecticut  
December 6, 2013

**TOWN OF NORTH STONINGTON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**JUNE 30, 2013**

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Our discussion and analysis of the Town of North Stonington, Connecticut's (the "Town") financial performance provides an overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the Town's financial statements, which begin on page 10.

The Town's discussion and analysis is designed to:

1. Provide an overview of the Town's financial activity.
2. Assist the reader in focusing on significant financial issues.
3. Identify any material deviations from the financial plan (approved budget).
4. Identify changes in the Town's financial position, as well as its ability to address challenges in future years.

**FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$12,118,814 (net position). This is an increase of \$1,730,717 or 16.7% from the prior fiscal year.
- Government-wide revenues were \$20,578,732 (up 7.9%) and expenses were \$18,848,015 (down 2.7%). On a government-wide basis, revenues exceeded expenses by \$1,730,717.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$2,463,408, a decrease of \$2,489,885 from the prior fiscal year. This represents the combined balances in the General Fund, Capital Nonrecurring Fund, Bridge Fund, and other smaller funds.
- In the General Fund, expenditures and net transfers exceeded revenues by \$252,342. The total General Fund balance of \$792,133 as of June 30, 2013 compares to a balance of \$1,044,475 in the prior year.
- At the end of the current fiscal year, the Unassigned General Fund balance was \$495,644. This represents 2.5% of total General Fund revenues (on a budgetary basis) in the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector businesses. All of the resources, which the Town has at its disposal, are shown, including major assets such as buildings and infrastructure. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. One can think of the Town's net position – the difference between assets and liabilities – as one way to measure the Town's financial health or financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, and education.

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. The Town, like other state and local governments, uses fund accounting to help it maintain control and manage money that have been segregated for specific activities or objectives. All of the funds of the Town are divided into two categories: governmental and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Capital Nonrecurring, and Bridge funds. Data from other governmental funds are combined into a single aggregated presentation as Other Funds.

**Town of North Stonington, Connecticut**  
**Management's Discussion and Analysis (Unaudited) (continued)**

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The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the authorized budget in the General Fund Schedule of Revenues and General Fund Schedule of Expenditures.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The Town excludes these activities from the Town's other financial statements because the Town cannot use these funds to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position increased by \$1,730,717 from a year ago. Our analysis below focuses on the net position and changes in net position of the Town.

	<u>2013</u>	<u>Change During Year</u>		<u>2012</u>
		<u>Dollars</u>	<u>Percent</u>	
<u>Assets</u>				
Current and other assets	\$ 3,795,383	\$ (2,028,863)	-34.8%	\$ 5,824,246
Capital assets	<u>10,907,125</u>	<u>1,012,361</u>	10.2%	<u>9,894,764</u>
Total assets	<u>14,702,508</u>	<u>(1,016,502)</u>	-6.5%	<u>15,719,010</u>
<u>Liabilities</u>				
Long-term debt outstanding	1,629,871	(3,174,940)	-66.1%	4,804,811
Other liabilities	<u>953,823</u>	<u>427,721</u>	81.3%	<u>526,102</u>
Total liabilities	<u>2,583,694</u>	<u>(2,747,219)</u>	-51.5%	<u>5,330,913</u>
<u>Net Assets</u>				
Net investment in capital assets	10,295,125	4,438,446	75.8%	5,856,679
Restricted – Expendable	247,739	2,570	1.1%	244,989
Unrestricted	<u>1,575,950</u>	<u>(2,710,479)</u>	-63.2%	<u>4,286,429</u>
Total net assets	<u>\$ 12,118,814</u>	<u>\$ 1,730,717</u>	16.7%	<u>\$ 10,388,097</u>

Capital Assets increased by \$1,012,361. Of the increase, \$1,881,759 was spent on the Main Street bridge. The increase also includes \$431,866 reduction for current year depreciation expense.

**Town of North Stonington, Connecticut**  
**Management's Discussion and Analysis (Unaudited) (continued)**

Short terms notes (BANS) continued to be paid down for the fire truck, Hewitt (Seaport) property, and new highway vehicles. In addition, the \$1,975,000 BAN related to the Bridge fund was repaid. See more details in Notes 7 and 8 to the financial statements.

	<u>2013</u>	<u>Change During Year</u>		<u>2012</u>
		<u>Dollars</u>	<u>Percent</u>	
Revenues				
Program revenues:				
Charges for services	\$ 435,230	\$ (137,943)	-24.1%	\$ 573,173
Operating grants and contributions	5,069,881	763,297	17.7%	4,306,584
Capital grants and contributions	1,221,048	845,657	225.3%	375,391
General revenues:				
Property taxes	12,622,532	(176,811)	-1.4%	12,799,343
Grants and contributions	1,064,684	83,550	8.5%	981,134
Interest and investment earnings	16,954	13,705	421.8%	3,249
Other general revenues	<u>148,403</u>	<u>113,463</u>	324.7%	<u>34,940</u>
Total revenues	<u>20,578,732</u>	<u>1,504,918</u>	7.9%	<u>19,073,814</u>
Program Expenses				
General government	1,948,447	118,930	6.5%	1,829,517
Public safety	977,282	50,512	5.5%	926,770
Public works	1,762,857	(416,360)	-19.1%	2,179,217
Education	14,060,765	(244,523)	-1.7%	14,305,288
Interest on long-term debt	<u>98,664</u>	<u>(32,142)</u>	-24.6%	<u>130,806</u>
Total expenses	<u>18,848,015</u>	<u>(523,583)</u>	-2.7%	<u>19,371,598</u>
Increase (decrease) in net position	<u>\$ 1,730,717</u>	<u>\$ 2,028,501</u>	-681.2%	<u>\$ (297,784)</u>

The following are the significant changes from the prior year:

- Operating grants increased \$763,297 (17.7%) because of an \$18,249 increase in the teachers' retirement on behalf payments from \$1,188,044 to \$1,206,293 and higher education grants being received.
- Public works decreased \$416,360 (19.1%) because certain storm damage expenditures and other major repairs were not incurred in the current year as was needed in the prior year.
- Education decreased \$244,523 (1.7%) primarily from reduced general expenditures.



**Town of North Stonington, Connecticut**  
**Management's Discussion and Analysis (Unaudited) (continued)**

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**FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS**

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

**Governmental Funds** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements.

At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$2,463,408, a decrease of \$2,489,885 from the prior year:

<u>Ending Fund Balance as of:</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
General Fund	\$ 792,133	\$ 1,044,475	\$ (252,342)
Capital Nonrecurring Fund	1,496,167	2,089,092	(592,925)
Bridge Fund	52,838	1,745,096	(1,692,258)
Other Funds	<u>122,270</u>	<u>74,630</u>	<u>47,640</u>
Total	<u>\$ 2,463,408</u>	<u>\$ 4,953,293</u>	<u>\$ (2,489,885)</u>

The General Fund is the operating fund of the Town. At the end of the current fiscal year, the Unassigned General Fund balance was \$495,644. As a measure of the General Fund's liquidity, it is useful to compare Unassigned fund balance to total fund revenues. Unassigned General Fund balance represents 2.5% of total General Fund revenue (on a budgetary basis) in the current fiscal year. In the prior year, the Unassigned Fund Balance was 1.9% of the total General Fund (on a budgetary basis).

The Town's total General Fund balance decreased by \$252,342 or (24.2%) during the current fiscal year for the following reasons:

- The Town had planned to use \$92,497 of the Unassigned fund balance in its 2012-2013 budget.
- FEMA grants revenue of \$1,120,710, which was unbudgeted, were offset by the \$1,255,543 transfer to the Bridge Fund to pay down debt, which was also unbudgeted.

**Town of North Stonington, Connecticut**  
**Management's Discussion and Analysis (Unaudited) (continued)**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Better (Worse) Than Budget</u>
Revenues:			
Property taxes	\$ 12,488,631	\$ 12,652,316	\$ 163,685
Use of Town money	5,000	3,772	(1,228)
Intergovernmental	4,813,948	5,799,165	985,217
Licenses, fees, fines and charges	162,100	150,594	(11,506)
Other revenue	<u>1,206,555</u>	<u>1,292,430</u>	<u>85,875</u>
Total revenues	<u>18,676,234</u>	<u>19,898,277</u>	<u>1,222,043</u>
Expenditures:			
General government	4,645,506	4,513,024	132,482
Payment of debt	1,209,718	2,754,108	(1,544,390)
Capital outlay	818,225	804,535	13,690
Education	<u>12,095,282</u>	<u>12,027,393</u>	<u>67,889</u>
Total expenditures	<u>18,768,731</u>	<u>20,099,060</u>	<u>(1,330,329)</u>
Decrease in fund balance – budgetary basis	<u>\$ (92,497)</u>	<u>\$ (200,783)</u>	<u>\$ (108,286)</u>

General Fund expenditures exceed revenues by \$200,783 this year, which was \$108,286 worse than budget. This decrease was primarily caused by the unbudgeted pay down of debt, which more than offset the FEMA grants revenue, which was also unbudgeted.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of this year, the Town had \$10,907,125 invested in capital assets. This amount represents a net increase (including additions and deductions) of \$1,012,361 from last year. This is primarily due to the construction of the Main Street bridge. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

**Debt**

At year end, the Town had \$1,073,000 in bonds and notes outstanding. This is a decrease of \$2,824,000 from last year. The Town's general obligation bond rating is A1. More detailed information about the Town's long-term liabilities is presented in Notes 7 and 8 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Town of North Stonington is in a financial transition. We will be retiring debt for our last school building project after twenty years in April, 2014. We will also retire debt payments on the Hewitt Farm property and the North Stonington Volunteer Fire Company new engine one vehicle. Our only remaining debt payment for the Highway Trucks and the School Boiler Project total \$168,445 due in fiscal year 2014-2015.

In the budget for fiscal year 2013-2014 we have committed to several capital projects totaling approximately \$1.2 million dollars to be paid over the next 5-7 years at a rate of \$190,000 to \$260,000 per year. Historically, we have had redemption of debt payments of approximately \$1.0 million dollars each year built in to our mill rate, so with the impact of the new EMS Building at an estimated payment of \$447,497 per year we are well within our budget allowances leaving room for unforeseen items as they arise.

Our community has seen slight increases in our Grand List but moving forward our newly elected officials, boards, and commissions will have to be cautious about new spending and creating large increases in tax mill rates for our residents.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at Town of North Stonington, 40 Main Street, North Stonington, CT 06359.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**STATEMENT OF NET POSITION  
JUNE 30, 2013**

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<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 3,105,255
Investments	28,535
Receivables:	
Taxes and interest, net of allowance of \$186,834	491,373
Intergovernmental	53,957
Other	40,808
Restricted cash	
Prepaid expenses	55,126
Due from fiduciary funds	17,245
Inventory	3,084
Noncurrent assets:	
Capital assets:	
Not being depreciated	953,240
Being depreciated, net of accumulated depreciation	9,953,885
	<hr/>
<b>Total assets</b>	<b>\$ 14,702,508</b>
	<hr/>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	\$ 365,698
Accrued wages and benefits	44,063
Unearned revenue	11,062
Bond anticipation notes payable	533,000
Noncurrent liabilities:	
Due within one year	615,425
Due in more than one year	1,014,446
	<hr/>
<b>Total liabilities</b>	<b>2,583,694</b>
	<hr/>
<b><u>Net Position</u></b>	
Net investment in capital assets	10,295,125
Restricted net position:	
Expendable	247,739
Unrestricted	1,575,950
	<hr/>
<b>Total net position</b>	<b>12,118,814</b>
	<hr/>
<b>Total liabilities and net position</b>	<b>\$ 14,702,508</b>
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The notes to the financial statements are an integral part of this statement.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

					<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Program Revenues</b>			<b>Governmental Activities</b>
		<b>Charges For Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental Activities:</b>	<b>Expenses</b>				
General government	\$ (1,948,447)	\$ 247,817	\$ 4,000	\$ -	\$ (1,696,630)
Public safety	(977,282)	-	41,317	-	(935,965)
Public works	(1,762,857)	-	119,935	1,221,048	(421,874)
Education	(14,060,765)	187,413	4,904,629	-	(8,968,723)
Interest on long-term debt	(98,664)	-	-	-	(98,664)
<b>Total governmental activities</b>	<b>\$ (18,848,015)</b>	<b>\$ 435,230</b>	<b>\$ 5,069,881</b>	<b>\$ 1,221,048</b>	<b>(12,121,856)</b>
<b>General Revenues:</b>					
					12,622,532
Property taxes, interest, and lien fees					1,064,684
Grants and contributions not restricted to specific programs					16,954
Interest and investment earnings					148,403
Miscellaneous					<u>13,852,573</u>
<b>Total general revenues</b>					
<b>Change in net position</b>					1,730,717
<b>Net position, beginning of year</b>					<u>10,388,097</u>
<b>Net position, end of year</b>					<u>\$ 12,118,814</u>

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

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<b>General Fund</b>	<b>Capital Nonrecurring Fund</b>	<b>Bridge Fund</b>	<b>Other Funds</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>					
Cash and cash equivalents	\$ 2,302,801	\$ 700,683	\$ 52,838	\$ 48,933	\$ 3,105,255
Investments	10,762	-	-	17,773	28,535
Receivables:					
Taxes and interest, net of allowance of \$186,834	491,373	-	-	-	491,373
Intergovernmental	22,316	-	-	31,641	53,957
Other	40,808	-	-	-	40,808
Prepaid expenses	55,126	-	-	-	55,126
Due from other funds	-	1,328,484	-	41,165	1,369,649
Due from fiduciary funds	-	-	-	17,245	17,245
Inventory	-	-	-	3,084	3,084
<b>Total assets</b>	<b>\$ 2,923,186</b>	<b>\$ 2,029,167</b>	<b>\$ 52,838</b>	<b>\$ 159,841</b>	<b>\$ 5,165,032</b>
<b><u>Liabilities</u></b>					
Accounts payable	\$ 365,698	\$ -	\$ -	\$ -	\$ 365,698
Accrued expenses	44,063	-	-	-	44,063
Unearned revenue	-	-	-	11,062	11,062
Bond anticipation notes	-	533,000	-	-	533,000
Due to other funds	1,343,140	-	-	26,509	1,369,649
<b>Total liabilities</b>	<b>1,752,901</b>	<b>533,000</b>	<b>-</b>	<b>37,571</b>	<b>2,323,472</b>
<b><u>Deferred Inflows of Resources</u></b>					
Unavailable revenue - taxes	378,152	-	-	-	378,152
<b><u>Fund Balances</u></b>					
Nonspendable	55,126	-	-	3,084	58,210
Restricted	41,533	195,037	-	11,169	247,739
Committed	-	1,301,130	52,838	-	1,353,968
Assigned	199,830	-	-	108,017	307,847
Unassigned	495,644	-	-	-	495,644
<b>Total fund balances</b>	<b>792,133</b>	<b>1,496,167</b>	<b>52,838</b>	<b>122,270</b>	<b>2,463,408</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,923,186</b>	<b>\$ 2,029,167</b>	<b>\$ 52,838</b>	<b>\$ 159,841</b>	

**Amounts reported in the Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds	10,907,125
Other assets are not available to pay for current period expenditures, and therefore are deferred in the funds	378,152
Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(540,000)
Compensated absences and pension benefits	(1,017,871)
Landfill costs	(72,000)

<b>Net position</b>	<b>\$ 12,118,814</b>
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The notes to the financial statements are an integral part of this statement

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>General Fund</b>	<b>Capital Nonrecurring Fund</b>	<b>Bridge Fund</b>	<b>Other Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Property taxes	\$ 12,652,316	\$ -	\$ -	\$ -	\$ 12,652,316
Intergovernmental revenues	7,005,458	-	-	331,413	7,336,871
Local revenues	447,181	253	-	171,895	619,329
<b>Total revenues</b>	<b>20,104,955</b>	<b>253</b>	<b>-</b>	<b>503,308</b>	<b>20,608,516</b>
<b>Expenditures:</b>					
Current:					
General government	1,791,559	-	-	-	1,791,559
Public safety	886,813	-	-	-	886,813
Public works	1,719,159	-	-	-	1,719,159
Education	13,413,630	-	-	455,668	13,869,298
Capital outlay	130,478	254,728	927,617	-	1,312,823
Debt service	1,498,565	-	2,020,184	-	3,518,749
<b>Total expenditures</b>	<b>19,440,204</b>	<b>254,728</b>	<b>2,947,801</b>	<b>455,668</b>	<b>23,098,401</b>
<b>Excess of revenues over (under) expenditures</b>	<b>664,751</b>	<b>(254,475)</b>	<b>(2,947,801)</b>	<b>47,640</b>	<b>(2,489,885)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	999,615	661,165	1,255,543	17,054	2,933,377
Transfers out	(1,916,708)	(999,615)	-	(17,054)	(2,933,377)
<b>Total other financing sources (uses)</b>	<b>(917,093)</b>	<b>(338,450)</b>	<b>1,255,543</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(252,342)</b>	<b>(592,925)</b>	<b>(1,692,258)</b>	<b>47,640</b>	<b>(2,489,885)</b>
<b>Fund balances, beginning of year</b>	<b>1,044,475</b>	<b>2,089,092</b>	<b>1,745,096</b>	<b>74,630</b>	<b>4,953,293</b>
<b>Fund balances, end of year</b>	<b>\$ 792,133</b>	<b>\$ 1,496,167</b>	<b>\$ 52,838</b>	<b>\$ 122,270</b>	<b>\$ 2,463,408</b>

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

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

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Amounts reported for governmental activities in the Statement of Activities are different because:

**Net change in fund balances - total governmental funds** **\$ (2,489,885)**

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 exceeded capital outlays in the current period:

Capital outlays treated as expenditures	1,444,227
Depreciation expense not considered in the fund statements	(431,866)
	1,012,361

The issuance of long-term debt 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 position. 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. The details of these differences in the treatment of long-term debt and related items are as follows:

Principal repayments or refinanced:

General obligation bonds	550,000
Bond anticipation notes	2,807,000
Post-closure landfill costs	6,000
	3,363,000

Revenues from taxes and assessments are reported as income in the year revenues provide current financial resources to governmental funds:

Revenues:

Taxes, interest and liens	(29,784)
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Expenses:

Compensated absences and other post-employment benefits payable	(188,060)
Accrued interest payable	63,085
	(154,759)

**Change in net position** **\$ 1,730,717**

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



**TOWN OF NORTH STONINGTON, CONNECTICUT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Taxes, interest and lien fees	\$ 12,488,631	\$ 12,488,631	\$ 12,652,316	\$ 163,685
Use of town money	5,000	5,000	3,772	(1,228)
Intergovernmental revenues	4,813,948	4,813,948	5,799,165	985,217
Licenses, fees, fines and charges	162,100	162,100	150,594	(11,506)
Other revenues	206,940	1,206,555	1,292,430	85,875
<b>Total revenues</b>	<b>17,676,619</b>	<b>18,676,234</b>	<b>19,898,277</b>	<b>1,222,043</b>
<b>Expenditures:</b>				
Current:				
General government	164,941	177,264	176,332	932
Probate court expenditures	1,800	2,202	2,201	1
Board of Finance	15,500	14,664	14,075	589
Assessor's Office	117,760	117,760	112,822	4,938
Board of Tax Review / Assessment Appeals	1,500	1,500	1,323	177
Tax Collector	72,451	62,227	57,896	4,331
Town Treasurer	6,432	6,432	6,430	2
Town Attorney	50,000	50,000	48,113	1,887
Annexation Related	14,000	24,000	24,000	-
Town Clerk	69,478	69,478	73,109	(3,631)
Planning and Zoning Commission	139,301	139,301	119,246	20,055
Building Department	30,600	30,600	29,315	1,285
Zoning Board of Appeals	1,500	1,500	298	1,202
School Building and Planning Committee	200	200	36	164
Economic Development Commission	8,350	9,350	5,348	4,002
Recreation Commission	97,927	97,927	94,034	3,893
Inland Wetlands Commission	7,572	7,572	6,782	790
Conservation Commission	900	900	893	7
Water Pollution Control Authority	3	3	-	3
Fixed Charges	732,574	730,575	705,617	24,958
Elections and Town Meetings	28,401	28,401	25,344	3,057
Town Hall	73,000	73,000	73,098	(98)
Social Services / Welfare	40,400	40,400	40,295	105
Selectmen's Engineering Service	5,001	5,001	1,584	3,417
Information Technology	61,068	61,068	58,302	2,766
Public Safety	794,499	864,799	857,945	6,854
Public works	1,819,695	1,906,948	1,859,405	47,543
Conservation of Health	32,756	32,756	30,279	2,477
Senior Citizens	57,268	57,268	55,921	1,347
Miscellaneous	32,076	32,410	32,981	(571)
Education	12,095,282	12,095,282	12,027,393	67,889
Capital outlay	291,725	818,225	804,535	13,690
Debt service	1,209,718	1,209,718	2,754,108	(1,544,390)
<b>Total expenditures</b>	<b>18,073,678</b>	<b>18,768,731</b>	<b>20,099,060</b>	<b>(1,330,329)</b>
<b>Net change in fund balance</b>	<b>\$ (397,059)</b>	<b>\$ (92,497)</b>	<b>(200,783)</b>	<b>\$ (108,286)</b>
<b>Fund balance, beginning of year</b>			<b>793,086</b>	
<b>Fund balance, end of year</b>			<b>\$ 592,303</b>	

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

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013**

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 47,208	\$ 89,530
Investments	<u>2,609,132</u>	<u>151,915</u>
<b>Total assets</b>	<u>2,656,340</u>	<u>241,445</u>
<b><u>Liabilities</u></b>		
Due to students and developers	-	224,200
Due to governmental funds	<u>-</u>	<u>17,245</u>
<b>Total liabilities</b>	<u>-</u>	<u>241,445</u>
<b>Net position held in trust for pension benefits</b>	<u><u>\$ 2,656,340</u></u>	<u><u>\$ -</u></u>

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

**TOWN OF NORTH STONINGTON, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**JUNE 30, 2013**

	<u>Pension Trust Funds</u>
<b>Additions:</b>	
Employer contributions	\$ 80,172
Investment earnings	<u>267,161</u>
<b>Total additions</b>	<u>347,333</u>
<b>Deductions:</b>	
Benefits paid to plan members	<u>190,018</u>
<b>Total deductions</b>	<u>190,018</u>
<b>Change in net position</b>	157,315
<b>Net position, beginning of year</b>	<u>2,499,025</u>
<b>Net position, end of year</b>	<u><u>\$ 2,656,340</u></u>

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

**TOWN OF NORTH STONINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Summary of Significant Accounting Policies**

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

**Reporting Entity**

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 criterion provided by the Government Accounting Standards Board has been considered, and there are no agencies or entities which should be presented with the government.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. Fiduciary funds are excluded from the government-wide financial statements. For the most part, the effects of interfund activity have been eliminated from the government-wide financial statements.

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.

The various funds included in the financial statements are described below:

**Governmental Funds**

*General Fund* - the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for services, and interest income.

*Special Revenue Funds* - account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

*Capital Project Funds* - account for financial resources used for the acquisition or construction of capital facilities for capital projects anticipated to last more than one year.

### **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

*Pension Trust Funds* are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments.

*Agency Funds* are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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

Property taxes, when levied for, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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 Town or specifically identified.

The Town reports the following major governmental funds:

The **General Fund** is the general operating fund of the Town. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt and capital improvement costs of the Town, which were not paid through a special fund.

The **Capital Nonrecurring Fund** accounts for smaller, short term capital projects that are funded through capital grants or General Fund transfers.

The **Bridge Fund** accounts for the bridge reconstruction and is funded through capital grants or General Fund transfers.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements (continued)**

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Additionally, the Town reports the following funds:

The **Pension Trust Funds** account for activities of the Town's defined benefit plans, which accumulate resources for pension benefit payments to qualified employees.

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

**Cash, Cash Equivalents and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the Town are reported at fair value. Nonparticipating, interest-earning investment contracts are generally reported at cost plus accrued earnings.

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes. In general for most of the funds, this includes deposits in allowable banks, obligations of the United States of America and obligations of any State or political subdivision, which is tax exempt. Certain Fiduciary Funds are allowed more flexibility in investing.

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

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

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

**Receivables**

Property taxes are assessed on property values as of October 1<sup>st</sup>. The tax levy is divided into two billings; the following July 1<sup>st</sup> and January 1<sup>st</sup>. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1<sup>st</sup> and February 1<sup>st</sup>), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due. The Town establishes allowances for uncollectible taxes and interest based on historical collection experience and other factors. As of June 30, 2013, the Town has established an allowance for uncollectible taxes and interest of \$186,834.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements (continued)**

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**Interfund Transactions**

Activity between funds that are representative of lending /borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in appropriate governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

**Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Building and improvements	75	\$ 10,000
Trucks	20	10,000
Equipment and furniture	20	2,000
Electronic equipment	4	2,000
Infrastructure:		
Bridges	75	50,000
Roads and drainage	20	10,000
Sidewalks	50	10,000
Stone bridge/culverts	50	25,000

**Unearned Revenue**

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

### **Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has no items that qualify for reporting in this category.

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

### **Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave since the town has a policy to pay any amounts when employees separate from service with the Town. All vacation and sick pay benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and/or retirements.

### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds 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 terms of the related debt.

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

### **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 Assigned fund balance as they do not constitute either expenditures or liabilities.



## **Fund Equity and Net Position**

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets - 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 reduce this category.

Restricted - This category presents external restrictions imposed by creditors, grantors, contributors and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category represents the net position of the Town, which is not restricted for any project or other purpose.

Governmental Accounting Standards Board Statement #54 (GASB 54) defines the different types of fund balances that the Town 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 Town’s highest level of decision-making authority.

Assigned – fund balance amounts intended to be used by the Town 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.

The Town’s committed fund balance reporting is required when funds have been committed at a Town Meeting. The Town’s assigned fund balance reporting is required when funds have been assigned by the Town’s Board of Selectmen. The Town’s policy is to apply expenditures against the applicable fund balances in the following order: nonspendable, restricted, committed, assigned, and unassigned.

## **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements (continued)**

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**Note 2 – Budgets and Budgetary Accounting**

**Budgetary Basis**

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

- Teachers' Retirement – the Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- Encumbrances – Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.

A reconciliation of General Fund operations presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") to the amounts presented on the budgetary basis is as follows:

	<u>Fund Balance</u> <u>Beginning</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Uses</u>	<u>Fund Balance</u> <u>Ending</u>
GAAP basis	\$ 1,044,475	\$ 20,104,955	\$ (19,440,204)	\$ (917,093)	\$ 792,133
Encumbrances:					
June 30, 2012	(251,389)	-	251,389	-	-
June 30, 2013	-	-	(199,830)	-	(199,830)
Reclassifications	-	999,615	(1,916,708)	917,093	-
Teachers' retirement system on behalf payments	<u>-</u>	<u>(1,206,293)</u>	<u>1,206,293</u>	<u>-</u>	<u>-</u>
Budgetary basis	<u>\$ 793,086</u>	<u>\$ 19,898,277</u>	<u>\$ (20,099,060)</u>	<u>\$ -</u>	<u>\$ 592,303</u>

**Budget Calendar**

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

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

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements (continued)**

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

**Budget Control**

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

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

**Note 3 – Deposits and Investments**

**Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at year end:

Governmental Funds	\$ 3,105,255
Pension Trust Funds	47,208
Agency Funds	<u>89,530</u>
Total cash and cash equivalents	<u>\$ 3,241,993</u>

**Custodial Credit Risk on Deposits**

The bank balance of the deposits was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 703,886
Uninsured and collateralized	1,343,521
Uninsured and uncollateralized	<u>1,476,375</u>
Total Deposits	<u>\$ 3,523,782</u>

**Investments**

As of June 30, 2013, the Town's investments consisted of the following:

	General Fund	Other Funds	Agency Funds
Equity mutual funds	\$ 10,762	\$ -	\$ 2,609,132
Certificates of deposit	<u>-</u>	<u>17,773</u>	<u>151,915</u>
	<u>\$ 10,762</u>	<u>\$ 17,773</u>	<u>\$ 2,761,047</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements (continued)**

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As of June 30, 2013, the range of maturities of the investments was as follows:

<u>Types of Investment</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Investment Maturity Less Than 1 Year</u>
Equity mutual funds	\$ 2,619,894	\$ 2,619,894	\$ -
Certificates of deposit	<u>169,688</u>	<u>-</u>	<u>169,688</u>
	<u>\$ 2,789,582</u>	<u>\$ 2,619,894</u>	<u>169,688</u>

**Note 4 - Operating Lease**

The Town is the lessor in a non-concealable operating lease of a restaurant building. The original cost of the asset was \$118,500 and as of June 30, 2013 accumulated depreciation was \$7,505. The lease term started on May 1, 2011 and ends on June 30, 2020 with the option to renew for three additional ten-year terms. Minimum future rental payments to be received are as follows:

<u>Year Ending</u>	<u>Future Rental Payments</u>
2014	\$ 19,800
2015	19,800
2016	19,800
2017	22,800
2018	22,800
2019-2020	<u>49,788</u>
Total	<u>\$ 154,788</u>

**Note 5 - Capital Assets**

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

General government	\$ 35,232
Public works	114,698
Public safety	90,469
Education	<u>191,467</u>
Total depreciation expense	<u>\$ 431,866</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements (continued)**

Capital asset activity for the year was as follows:

	Balance at July 1, 2012	Increases	Decreases	Balance at June 30, 2013
Capital assets not being depreciated:				
Land	\$ 953,240	\$ -	\$ -	\$ 953,240
Construction in process	499,734	-	499,734	-
	<u>1,452,974</u>	<u>-</u>	<u>499,734</u>	<u>953,240</u>
Capital assets being depreciated:				
Buildings and improvement	12,689,785	-	-	12,689,785
Furniture and equipment	5,870,102	78,208	118,500	5,829,810
Infrastructure	353,443	1,881,759	-	2,235,202
	<u>18,913,330</u>	<u>1,959,967</u>	<u>118,500</u>	<u>20,754,797</u>
Accumulated depreciation	<u>(10,471,540)</u>	<u>(431,866)</u>	<u>(102,494)</u>	<u>(10,800,912)</u>
Capital assets, net	<u>\$ 9,894,764</u>	<u>\$ 1,528,101</u>	<u>\$ 515,740</u>	<u>\$ 10,907,125</u>

**Note 6 – Interfund Transfers**

Interfund transfers are generally used to transfer monies raised in taxes to other funds. During the year, transfers from the General Fund to the Capital Nonrecurring Fund and Bridge Fund were made to finance several projects. In addition, excess fund balance in the Capital Nonrecurring Fund was transferred to the General Fund and the Edmund McGowan Scholarship fund balance was transferred to the Scholarships Held by School fund to combine the scholarship programs into a single fund.

	Transfers in:				
	General Fund	Capital Nonrecurring	Bridge Fund	Scholarships Held by School Fund	Total
Transfer out:					
General Fund	\$ -	\$ 661,165	\$ 1,255,543	\$ -	\$ 1,916,708
Capital Nonrecurring Fund	999,615	-	-	-	999,615
Edmund McGowan Scholarship Fund	-	-	-	17,054	17,054
	<u>\$ 999,615</u>	<u>\$ 661,165</u>	<u>\$ 1,255,543</u>	<u>\$ 17,054</u>	<u>\$ 2,933,377</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements (continued)**

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**Note 7 – Short-Term Obligations – Bond Anticipations Notes**

The Town uses bond anticipation notes during the construction period of various capital projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the year ended June 30, 2013, was as follows:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Capital Projects	\$ -	\$ 2,537,000	\$ 2,004,000	\$ 533,000

At June 30, 2013, there was a bond anticipation note of \$533,000 outstanding with a maturity date of January 21, 2014, bearing an interest rate of 1.04%.

**Note 8 - Long-Term Obligations**

**Changes In Long-Term Obligations**

Long-term obligation activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds:					
School construction	\$ 1,090,000	\$ -	\$ 550,000	\$ 540,000	\$ 540,000
Bond anticipation note	832,000	-	832,000	-	-
General obligation note	1,975,000	-	1,975,000	-	-
Compensated absences	131,649	20,110	-	151,759	-
Post closure landfill costs	78,000	-	6,000	72,000	6,000
Net OPEB obligation	698,162	237,375	69,425	866,112	69,425
	<u>\$ 4,804,811</u>	<u>\$ 257,485</u>	<u>\$ 3,432,425</u>	<u>\$ 1,629,871</u>	<u>\$ 615,425</u>

**General Obligation Bonds**

General obligation bonds currently outstanding are as follows:

Purpose	Original Amount	Matures in Year Ending	Interest Rates	Amount
School Construction	\$ 7,025,000	2014	2.00%-5.00%	\$ 540,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	Principal	Interest
2014	<u>\$ 540,000</u>	<u>\$ 27,000</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements (continued)**

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**Post Closure Landfill Costs**

The Town has a closed landfill. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for thirty years after closure. These costs will be paid through the General Fund each year as part of the annual budget. Total estimated costs based on the current actual costs are included in long-term obligations. The actual costs may vary based on actual events, inflation, changes in technology, and applicable laws and regulations. During the year, there were no actual costs incurred.

**Note 9 – Net Position and Fund Balances**

**Restricted Net Position**

Restrictions on net position at year end are summarized as follows:

	<u>Expendable</u>
Restricted collection of the Town Clerk	\$ 41,533
Water study (STEAP grant)	195,037
Inland Wetland mitigation	<u>11,169</u>
	<u>\$ 247,739</u>

**Fund Balances**

**Nonspendable Fund Balance** is summarized as follows:

	<u>General Fund</u>	<u>Other Funds</u>
Prepaid expenses	\$ 55,126	\$ -
Inventory	<u>-</u>	<u>3,084</u>
	<u>\$ 55,126</u>	<u>\$ 3,084</u>

**Restricted Fund Balance** is summarized as follows:

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Other Funds</u>
Restricted collection of the Town Clerk	\$ 41,533	\$ -	\$ -
Water study (STEAP grant)	-	195,037	-
Inland Wetland mitigation	<u>-</u>	<u>-</u>	<u>11,169</u>
	<u>\$ 41,533</u>	<u>\$ 195,037</u>	<u>\$ 11,169</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements (continued)**

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**Committed Fund Balance** is summarized as follows:

	Capital Nonrecurring Fund	Bridge Fund
Future capital projects	\$ 1,301,130	\$ -
Bridge reconstruction	-	52,838
	<u>\$ 1,301,130</u>	<u>\$ 52,838</u>

**Assigned Fund Balance** is summarized as follows:

	General Fund	Other Funds
Educational purposes	\$ -	\$ 105,562
General government purposes	199,830	385
Inland Wetland mitigation	-	2,070
	<u>\$ 199,830</u>	<u>\$ 108,017</u>

**Note 10 – Employee Retirement Plans**

The Town maintains three defined contribution plans. The plans are required to be reported as pension trust funds in the financial statements. The pension funds can be changed based on a change in Town policy and the agreement of the collective bargaining units.

**Board of Education Pension Plans**

**Plan #2119**

Eligibility in the plan is limited to secretaries, custodians, and the cafeteria administrator all of whom must have completed one-half year of service and have attained the age of twenty and one-half. Participants may contribute voluntarily to the plan. The Town annually contributes an amount equal to 10% of each participant's compensation. Participants are fully vested immediately upon participation in the plan. For the year ended June 30, 2013, the Town contributed \$27,163 to the plan. The plan is administered by National Retirement Services, Inc.

**Plan #30027**

Eligibility in the Board of Education CNBU Money Purchase plan is limited to those employees of the Board of Education who are not participants in the Board of Education Pension Plan above. All participants must have completed six months of service and must have attained age twenty and one-half. Participants may contribute voluntarily to the plan. The Town annually contributes 14% of each participant's compensation. Participants are fully vested immediately upon participation in the plan. For the year ended June 30, 2013, the Town contributed \$57,939 to the plan. The plan is administered by National Retirement Services, Inc.



### **General Government Pension Plan**

Eligibility in the plan is limited to the Town Clerk, Tax Collector, members of the United Steelworkers of America (USWA), Municipal Employees Union Independent (MEUI), and Salaried Employees of North America (a division of the USWA) who have completed one year of service. Participants may voluntarily contribute to the plan. The Town's funding policy is as follows:

Municipal Employee Union Independent	7.5% of annual compensation
United Steelworkers of America	8.75% of annual compensation
All other participants employed before 12/01/96	10% of annual compensation
All other participants employed on or after 12/01/96	4% of annual compensation

For the year ended June 30, 2013, the Town contributed \$80,172 to the plan all of which is allocated to the participants' individual retirement. The plan is administered by the Town.

### **Teachers' Retirement System**

Teachers within the Town's school system participate in a retirement plan administered by the Connecticut State Teachers Retirement Board.

#### Covered Employees

The Teachers' Retirement System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the plan is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units. Participation in the plan is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement Plan (TIAA-CREF).

#### Vesting Requirements

A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60.

#### Pension Contribution Requirements/Amounts by State

The pension contributions made by the State to the plan are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z. For the fiscal year ended June 30, 2013, approximately \$1,206,293 was expended by the State on behalf of the Town to meet the State's funding requirements. The results of the State's actuarial valuation did not contain information, which would show the development of the State's actuarial cost by local districts. The State's appropriation represented 20.97% of the total estimated payroll.

Participants are required to contribute 7.25% of their annual salary rate to the system as required by CGS Section 10-183b (7). For the 2012/2013 school year, \$417,054 mandatory contributions were deducted from the salaries of teachers who were participants of the plan during that school year. The estimated covered payroll for the Town is \$5,752,469.

**Note 11 – Risk Management**

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

The Town currently is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established under the provisions of Connecticut General Statutes section 7-479a et. seq. for some of its insurance. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

**Note 12 – Contingent Liabilities and Commitments**

**Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**School Building Grants**

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

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

**Various Lawsuits**

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

**Note 13 – Other Post Employment Benefits (OPEB)**

**Plan Description**

The North Stonington Public Schools Other Post Employment Benefit Program is a single-employer defined benefit plan administered by the Town of North Stonington, Connecticut in accordance with various collective bargaining agreements. The plan does not issue separate financial statements.

Eligibility	<p>Teachers and Administrators – A teacher or administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse. Normal retirement for teachers and administrators is the earlier of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earlier of age 60 with 10 years of service, any age with 25 years of service.</p> <p>All Others – A member retiring at age 55 years or older shall be eligible to continue health insurance coverage for self and spouse. Coverage is pre-65 only.</p>
Medical and Dental Benefits:	<p>Teachers and Administrators – Employees and their spouses are eligible to continue medical and dental coverage upon retirement by paying the full cost of the applicable premium. Teachers and administrators eligible to participate in Medicare are allowed to continue coverage until age 65. Teachers and administrators hired prior to April 1, 1986 who are not eligible to participate in Medicare are allowed to continue coverage for their life and the life of their spouse.</p>
Life Insurance:	<p>Administrators receive \$50,000 from retirement until age 65 paid for by the Town.</p>

**Actuarial Assumptions and Methods**

Latest Actuarial Date	July 1, 2012
Actuarial Cost Method	Projected Unit Credit
Discount Rate	4.00%
Payroll Growth Rate	4.50%
Medical Inflation	Initial rate of 8.5% grading down to an ultimate inflation rate of 5% over a 10 year period.
Amortization Method	Open, level percentage of projected payroll over 30 years.
Mortality Table	RP-2000 Health Mortality Table projected generationally with Scale AA.
Disability Rates	None assumed.
Turnover	Teachers and Administrators – rates based on gender and length of service for the first ten years and gender and age thereafter. All others – rates based on age.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements (continued)**

Retirement	Teachers and Administrators – rates based on age, eligibility for pension benefits, and gender. All others – 5% at age 55 with 10 years of service as a base and increasing thereafter.
Future Retiree Coverage	Teachers and Administrators – 9% are assumed to elect coverage at retirement.
Future Dependent Coverage	All others – 10% are assumed to elect coverage at retirement. Male 50%; Female 30% with female spouses assumed to be 3 years younger than males.

**Schedule of Funding Progress**

There is no requirement for funding and the plan has not been funded. The Town has not yet established a formal funding plan or a trust.

**Schedule of Employer Contributions**

The schedule of employer contributions is as follows:

Schedule of Employer Contributions			
Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2013	\$ 232,007	\$ 69,425	30.00%
2012	149,030	189,390	127.08%
2011	421,030	155,575	36.95%
2010	385,000	189,000	49.09%
2009	273,000	137,000	50.18%

**Annual Required Contribution (ARC)**

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

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

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

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

The annual calculation of Annual Required Cost (ARC) is as follows:

Past Service Cost	\$ 147,206
Normal Cost	75,878
Interest	8,923
Annual Required Contribution (ARC)	<u>\$ 232,007</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements (continued)**

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**Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution (ARC)	\$ 232,007
Interest on net OPEB obligation	27,926
Adjustment to annual required contribution	<u>(22,558)</u>
Annual OPEB cost (AOC)	237,375
Contributions made	<u>(69,425)</u>
Increase in net OPEB obligation	167,950
Net OPEB obligation, beginning of year	<u>698,162</u>
Net OPEB obligation, end of year	<u>\$ 866,112</u>

**Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13	\$ 237,375	\$ 69,425	29.0%	\$ 866,112
6/30/12	152,590	189,390	124.0%	698,162
6/30/11	422,537	155,575	37.0%	734,962
6/30/10	385,000	189,000	49.0%	468,000

**Other Disclosures**

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

**Note 14 – Subsequent Events**

At a Special Town Meeting on July 22, 2013, a \$6,360,000 appropriation was authorized to be expended for the costs related to the design and construction of a new emergency services complex and improvements to be located at 25 Rocky Hollow Road. Also authorized, was the issuance of \$6,360,000 of bonds and notes to fund the authorized appropriation.

**SUPPLEMENTAL  
STATEMENTS AND SCHEDULES**

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF REVENUES - (BUDGET AND ACTUAL)  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Budgeted Amounts</b>				<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Transfers</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>					
<b>Taxes, interest and lien fees:</b>					
General property taxes - current	\$ 12,098,631	\$ -	\$ 12,098,631	\$ 12,303,369	\$ 204,738
General property taxes - past	225,000	-	225,000	233,858	8,858
Supplemental motor vehicles	85,000	-	85,000	-	(85,000)
Interest and lien fees	80,000	-	80,000	115,089	35,089
	<u>12,488,631</u>	<u>-</u>	<u>12,488,631</u>	<u>12,652,316</u>	<u>163,685</u>
<b>Use of town money</b>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>3,772</u>	<u>(1,228)</u>
<b>Intergovernmental revenues:</b>					
Education cost sharing	2,906,538	-	2,906,538	2,906,538	-
Casino revenue	890,028	-	890,028	884,602	(5,426)
School bond - principal reimbursement	323,525	-	323,525	323,525	-
State aid for town road	121,976	-	121,976	119,935	(2,041)
Local and vocational transportation	62,371	-	62,371	52,046	(10,325)
Excess special education	100,835	-	100,835	47,231	(53,604)
Local capital improvement program	49,283	-	49,283	74,100	24,817
Police reimbursement	45,000	-	45,000	41,317	(3,683)
School bond - interest reimbursement	21,653	-	21,653	21,654	1
Telecommunications revenue share	14,000	-	14,000	17,387	3,387
PILOT program reimbursement	23,450	-	23,450	22,622	(828)
Elderly exemption reimbursement	21,600	-	21,600	32,717	11,117
Magnet school transportation	7,800	-	7,800	9,100	1,300
Regional adult education	6,972	-	6,972	6,829	(143)
Veterans exemption reimbursement	5,800	-	5,800	7,609	1,809
Health district grant	-	-	-	3,950	3,950
Records preservation	3,500	-	3,500	4,000	500
Non-public nurse reimbursement	4,190	-	4,190	-	(4,190)
Disabled exemption reimbursement	425	-	425	529	104
Local capital improvement program	1	-	1	-	(1)
Tuition reimbursement	-	-	-	28,700	28,700
Registrar of voters	1	-	1	-	(1)
FEMA storm reimbursement	-	-	-	1,120,710	1,120,710
Boombridge road	200,000	-	200,000	26,238	(173,762)
Other	5,000	-	5,000	47,826	42,826
	<u>4,813,948</u>	<u>-</u>	<u>4,813,948</u>	<u>5,799,165</u>	<u>985,217</u>
<b>Licenses, fees, fines and charges:</b>					
Licenses, permits, conveyance taxes	85,000	-	85,000	76,798	(8,202)
Recreation Commission	47,000	-	47,000	43,834	(3,166)
Building official	28,000	-	28,000	23,026	(4,974)
Town Clerk LOCIP	-	-	-	3,114	3,114
Town Clerk restoration fees	1,300	-	1,300	3,382	2,082
Sanitation	800	-	800	440	(360)
	<u>162,100</u>	<u>-</u>	<u>162,100</u>	<u>150,594</u>	<u>(11,506)</u>

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF REVENUES - (BUDGET AND ACTUAL) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Budgeted Amounts</b>			<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Transfers</b>	<b>Final</b>		
<b>Other revenues:</b>					
Contractor's tipping fees	\$ 108,000	\$ -	\$ 108,000	\$ 83,150	\$ (24,850)
Transfer stickers	1	-	1	-	(1)
Rent Hewitt Property	41,292	-	41,292	41,286	(6)
Sale of town vehicles	1	-	1	10,950	10,949
Bulk waste fees	1	-	1	-	(1)
Sanitary landfill - sale of recyclables	22,500	-	22,500	24,135	1,635
SCRRRA subsidy	10,665	-	10,665	9,638	(1,027)
Miscellaneous	10,001	-	10,001	113,318	103,317
Zoning Enforcement Officer	2,700	-	2,700	2,317	(383)
Town engineering - road inspection	1	-	1	-	(1)
Planning and zoning	1,200	-	1,200	3,644	2,444
Inland wetlands	800	-	800	1,074	274
Assessor's Office	700	-	700	3,058	2,358
GIS services	50	-	50	-	(50)
Conservation Commission	1	-	1	-	(1)
Canine account	50	-	50	30	(20)
Fire Marshall	50	-	50	-	(50)
Cemetery reimbursement	1	-	1	-	(1)
Sale of fixed assets	1	-	1	-	(1)
Transfer in deobligated capital projects	1	-	1	-	(1)
Insurance reimbursement	1	-	1	-	(1)
CIRMA credits	8,923	-	8,923	215	(8,708)
Move from capital nonrecurring	-	999,615	999,615	999,615	-
	<u>206,940</u>	<u>999,615</u>	<u>1,206,555</u>	<u>1,292,430</u>	<u>85,875</u>
<b>Total revenues</b>	<u>\$ 17,676,619</u>	<u>\$ 999,615</u>	<u>\$ 18,676,234</u>	<u>\$ 19,898,277</u>	<u>\$ 1,222,043</u>



**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL)  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>General Government:</b>					
Salaries:					
First Selectman	\$ 54,497	\$ -	\$ 54,497	\$ 54,496	\$ 1
Second Selectman	2,497	-	2,497	2,497	-
Third Selectman	2,497	-	2,497	2,497	-
Secretary	49,356	-	49,356	49,356	-
Bookkeeper	44,356	11,487	55,843	55,621	222
Boards of Commissions clerical	250	-	250	30	220
Selectmen's expenditures	2,500	-	2,500	2,325	175
Office expenditures	2,000	-	2,000	2,000	-
Council of Small Towns	825	-	825	825	-
Certifications / seminars	250	-	250	-	250
SE CT Council of Governments	2,913	-	2,913	2,913	-
Auditing and accounting / consulting	3,000	836	3,836	3,772	64
	164,941	12,323	177,264	176,332	932
<b>Probate court expenditures</b>	1,800	402	2,202	2,201	1
<b>Board of Finance:</b>					
Operating expenditures	500	-	500	1,311	(811)
Auditing	15,000	(836)	14,164	12,764	1,400
	15,500	(836)	14,664	14,075	589
<b>Assessor's Office:</b>					
Salaries:					
Assessor	62,719	-	62,719	62,719	-
Assessor assistant	42,966	-	42,966	42,966	-
Office expenses	2,300	-	2,300	2,003	297
Computer	9,475	-	9,475	4,900	4,575
Other	300	-	300	234	66
	117,760	-	117,760	112,822	4,938
<b>Board of Tax Review</b>	1,500	-	1,500	1,323	177
<b>Tax Collector:</b>					
Salaries:					
Tax Collector	32,296	-	32,296	32,296	-
Clerical	4,305	-	4,305	2,908	1,397
Office expenditures	6,700	-	6,700	6,740	(40)
Computer	9,000	-	9,000	6,109	2,891
Mil rate adjustment costs	20,000	(10,224)	9,776	9,752	24
Travel expenditures	150	-	150	91	59
	72,451	(10,224)	62,227	57,896	4,331
<b>Town Treasurer:</b>					
Salary	6,430	-	6,430	6,430	-
Office expenditures	1	-	1	-	1
Travel expenditures	1	-	1	-	1
	6,432	-	6,432	6,430	2
<b>Town Attorney</b>	50,000	-	50,000	48,113	1,887
<b>Annexation Related Expenditures:</b>					
Annexation related expenditures	2,000	-	2,000	2,000	-
Tribal recognition	12,000	10,000	22,000	22,000	-
	14,000	10,000	24,000	24,000	-

## TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Town Clerk:</b>					
Salaries:					
Town Clerk	\$ 42,876	\$ -	\$ 42,876	\$ 42,876	\$ -
Assistant	12,915	-	12,915	12,915	-
Office expenses	5,000	-	5,000	9,074	(4,074)
Land records	8,687	-	8,687	8,244	443
	<u>69,478</u>	<u>-</u>	<u>69,478</u>	<u>73,109</u>	<u>(3,631)</u>
<b>Planning and Zoning Commission:</b>					
Salaries:					
Zoning Officer	53,580	-	53,580	53,580	-
Assistant	35,720	-	35,720	34,724	996
Operating expenditures	6,251	-	6,251	5,491	760
Travel expenditures	750	-	750	470	280
Attorney	25,000	-	25,000	13,581	11,419
Contracted consulting services	18,000	-	18,000	11,400	6,600
	<u>139,301</u>	<u>-</u>	<u>139,301</u>	<u>119,246</u>	<u>20,055</u>
<b>Building Department:</b>					
Salaries:					
Building Official	28,100	-	28,100	27,914	186
Operating expenditures	1,000	-	1,000	681	319
Travel expenditures	1,500	-	1,500	720	780
	<u>30,600</u>	<u>-</u>	<u>30,600</u>	<u>29,315</u>	<u>1,285</u>
<b>Zoning Board of Appeals</b>	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>298</u>	<u>1,202</u>
<b>School Building and Planning Committee:</b>					
Permanent School Building					
Committee	100	-	100	36	64
Ad Hoc School Building					
Committee	100	-	100	-	100
	<u>200</u>	<u>-</u>	<u>200</u>	<u>36</u>	<u>164</u>
<b>Economic Development Commission:</b>					
Affordable housing	-	1,000	1,000	-	1,000
Operating expenditures	2,950	-	2,950	1,001	1,949
CT Regional Economic Development	2,900	-	2,900	1,847	1,053
Consulting	2,500	-	2,500	2,500	-
	<u>8,350</u>	<u>1,000</u>	<u>9,350</u>	<u>5,348</u>	<u>4,002</u>
<b>Recreation Commission:</b>					
Salaries:					
Administrative	21,635	-	21,635	21,635	-
Camp Directors, Directors, etc.	13,117	-	13,117	10,296	2,821
Program expenditures	51,000	-	51,000	49,810	1,190
Maintenance	2,000	-	2,000	2,000	-
Administrative expenditures	10,175	-	10,175	10,293	(118)
	<u>97,927</u>	<u>-</u>	<u>97,927</u>	<u>94,034</u>	<u>3,893</u>
<b>Inland Wetlands Commission:</b>					
Operating expenditures	750	-	750	160	590
Wages - Enforcement Officer	6,622	-	6,622	6,622	-
Travel expenditures	200	-	200	-	200
	<u>7,572</u>	<u>-</u>	<u>7,572</u>	<u>6,782</u>	<u>790</u>
<b>Conservation Commission</b>	<u>900</u>	<u>-</u>	<u>900</u>	<u>893</u>	<u>7</u>

## TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
<b>Water Pollution Control Authority:</b>					
WPCA expenditures	\$ 1	\$ -	\$ 1	\$ -	\$ 1
WPCA engineering expense	1	-	1	-	1
WPCA auditing	1	-	1	-	1
	3	-	3	-	3
<b>Fixed Charges:</b>					
Town insurance	61,585	-	61,585	60,581	1,004
Volunteer fire co. insurance	21,000	-	21,000	21,000	-
Ambulance association insurance	11,160	-	11,160	9,810	1,350
Workers compensation insurance	62,000	-	62,000	59,402	2,598
Social security	107,245	-	107,245	102,085	5,160
Medical insurance	309,947	-	309,947	298,875	11,072
Employee benefits - pension	91,037	(1,999)	89,038	86,262	2,776
Volunteer incentive award - fire	24,000	-	24,000	24,000	-
Volunteer activity stipend - fire	40,000	-	40,000	40,000	-
Volunteer incentive ambulance	4,600	-	4,600	3,602	998
	732,574	(1,999)	730,575	705,617	24,958
<b>Elections and Town Meetings:</b>					
Salaries:					
Registrar of Voters	4,838	-	4,838	4,838	-
Registrar of Voters	4,838	-	4,838	4,838	-
Expenses	18,725	-	18,725	15,668	3,057
	28,401	-	28,401	25,344	3,057
<b>Town Hall:</b>					
Expenditures	55,700	-	55,700	55,932	(232)
Leasing equipment	11,500	-	11,500	11,432	68
Holly Green rental - nursing	4,300	-	4,300	4,265	35
Holly Green rental - senior center	1,500	-	1,500	1,469	31
	73,000	-	73,000	73,098	(98)
<b>Social Services / Welfare:</b>					
Social Services Coordinator	3,200	-	3,200	3,200	-
Welfare benefits	7,200	-	7,200	7,095	105
Pawcatuck Neighborhood Center	18,000	-	18,000	18,000	-
Family services	1,000	-	1,000	1,000	-
American Red Cross	500	-	500	500	-
Women's Center	2,500	-	2,500	2,500	-
Frank Olean Regional Center	1,000	-	1,000	1,000	-
NL County ARC	1,000	-	1,000	1,000	-
Easter Seals Rehabilitation Center	1,000	-	1,000	1,000	-
TVCCA	1,500	-	1,500	1,500	-
Literacy volunteers	500	-	500	500	-
Salvation Army	500	-	500	500	-
Mystic Shelter	2,000	-	2,000	2,000	-
United Way of SE CT	500	-	500	500	-
	40,400	-	40,400	40,295	105
<b>Selectmen's Engineering Service:</b>					
Engineering for selectmen	2,501	-	2,501	1,584	917
Inspection of existing roads	2,500	-	2,500	-	2,500
	5,001	-	5,001	1,584	3,417

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
<b>Information Technology:</b>					
Coordinator	\$ 36,559	\$ -	\$ 36,559	\$ 33,969	\$ 2,590
Office expense	300	-	300	282	18
On-line GIS maps	12,209	-	12,209	12,070	139
Computer maintenance	12,000	-	12,000	11,981	19
	61,068	-	61,068	58,302	2,766
<b>Public Safety:</b>					
911 dispatching	54,000	-	54,000	52,819	1,181
Volunteer fire company	100,496	-	100,496	100,496	-
Fire Marshal	11,204	-	11,204	11,204	-
Fire Marshal operating expenditures	2,000	-	2,000	1,930	70
State troopers	358,570	50,625	409,195	405,344	3,851
Civil preparedness agency stipend	6,000	-	6,000	6,000	-
Civil preparedness expenditures	3,000	-	3,000	2,109	891
Maintenance emergency general service contract	1,800	-	1,800	1,144	656
Animal control salary	19,490	-	19,490	19,364	126
Animal control operating expenses	6,800	-	6,800	6,722	78
Dog damages	1	-	1	-	1
Ambulance association	231,138	19,675	250,813	250,813	-
	794,499	70,300	864,799	857,945	6,854
<b>Public Works:</b>					
<b>Highway:</b>					
Local capital improvements	49,682	-	49,682	49,682	-
State aided - town roads	121,976	-	121,976	162,990	(41,014)
Town road maintenance	185,000	-	185,000	94,179	90,821
Town garage expenditures	23,000	-	23,000	53,059	(30,059)
Machinery and maintenance repairs	59,750	-	59,750	59,798	(48)
Street lights	10,000	-	10,000	8,606	1,394
Highway foreman	77,992	-	77,992	77,992	-
Labor	507,420	-	507,420	480,736	26,684
Supplies	36,000	-	36,000	31,218	4,782
Diesel and gas	77,000	-	77,000	92,430	(15,430)
Town property - maintenance	7,750	-	7,750	6,217	1,533
Town property - labor	9,600	-	9,600	2,466	7,134
Northwest corner improvements	190,000	-	190,000	200,280	(10,280)
Hewitt farm property	5,000	-	5,000	5,254	(254)
Kingswood drainage	-	87,253	87,253	87,253	-
Contracted services	58,500	-	58,500	66,604	(8,104)
	1,418,670	87,253	1,505,923	1,478,764	27,159
<b>Sanitary Landfill:</b>					
Labor	165,625	-	165,625	169,139	(3,514)
State mandated surveys	3,000	-	3,000	1,850	1,150
State license fees	1,650	-	1,650	1,765	(115)
SCRRA - tipping fees	186,000	-	186,000	158,947	27,053
SCRRA - membership fee	500	-	500	-	500
Hazardous waste collection	1,500	-	1,500	-	1,500
Water sampling / lab testing	15,000	-	15,000	17,471	(2,471)
Transfer station expenditures	11,250	-	11,250	12,608	(1,358)
Contractual services	16,500	-	16,500	18,861	(2,361)
	401,025	-	401,025	380,641	20,384
Total public works	1,819,695	87,253	1,906,948	1,859,405	47,543

## TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Conservation of Health:</b>					
Public Health Nursing / VNA	\$ 4,540	\$ -	\$ 4,540	\$ 4,453	\$ 87
Hepatitis B vaccinations	750	-	750	-	750
Director of Health	6,000	-	6,000	6,000	-
Director of Health operating expense	500	-	500	53	447
Sanitarian food service wages	6,000	-	6,000	5,020	980
Sanitarian well and septic salary	14,566	-	14,566	14,753	(187)
Sanitarian operating expenses	400	-	400	-	400
	<u>32,756</u>	<u>-</u>	<u>32,756</u>	<u>30,279</u>	<u>2,477</u>
<b>Senior Citizens:</b>					
Agent for the Elderly wages	11,200	-	11,200	11,200	-
Agent for the Elderly operating expenditures	1,200	-	1,200	456	744
Senior citizens center coordinator	19,868	-	19,868	19,868	-
Senior citizens center - operating expenditures	25,000	-	25,000	24,397	603
	<u>57,268</u>	<u>-</u>	<u>57,268</u>	<u>55,921</u>	<u>1,347</u>
<b>Miscellaneous:</b>					
Cemeteries	2,000	-	2,000	2,000	-
Tax refunds	1	334	335	334	1
Annual memberships and dues	3,800	-	3,800	3,420	380
Wheeler Library	25,525	-	25,525	25,525	-
Miscellaneous	750	-	750	1,702	(952)
	<u>32,076</u>	<u>334</u>	<u>32,410</u>	<u>32,981</u>	<u>(571)</u>
<b>Total general government expenditures</b>	<b>4,476,953</b>	<b>168,553</b>	<b>4,645,506</b>	<b>4,513,024</b>	<b>132,482</b>
<b>Redemption of Debt:</b>					
Bridge principal	160,000	-	160,000	1,209,649	(1,049,649)
Bridge interest	66,051	-	66,051	45,894	20,157
School building principal	550,000	-	550,000	550,000	-
School building interest	49,000	-	49,000	49,000	-
Fire truck principal	80,000	-	80,000	80,000	-
Fire truck interest	10,083	-	10,083	6,419	3,664
Seaport / Hewitt property principal	83,333	-	83,333	83,333	-
Seaport / Hewitt property interest	10,598	-	10,598	8,619	1,979
Truck principal	72,000	-	72,000	72,000	-
Truck interest	13,737	-	13,737	13,631	106
School boiler principal	96,444	-	96,444	96,444	-
School boiler interest	18,472	-	18,472	6,119	12,353
Bond anticipation note	-	-	-	533,000	(533,000)
	<u>1,209,718</u>	<u>-</u>	<u>1,209,718</u>	<u>2,754,108</u>	<u>(1,544,390)</u>
<b>Education</b>	<b>12,095,282</b>	<b>-</b>	<b>12,095,282</b>	<b>12,027,393</b>	<b>67,889</b>
<b>Capital outlay:</b>					
<b>Highway Department:</b>					
New or used equipment	10,500	-	10,500	9,936	564
Miscellaneous equipment	5,000	-	5,000	5,000	-
Garage wash station	-	44,000	44,000	44,000	-
Dump truck	-	65,000	65,000	65,000	-
	<u>15,500</u>	<u>109,000</u>	<u>124,500</u>	<u>123,936</u>	<u>564</u>
<b>Transfer station/bulk waste area</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>

## TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Capital outlay (continued):</b>					
<b>Selectmen:</b>					
Ambulance equipment	\$ 9,000	\$ -	\$ 9,000	\$ 8,418	\$ 582
Fire/EMS new building	250	7,500	7,750	2,656	5,094
Computer - Town Hall	13,000	-	13,000	12,970	30
Dog pound maintenance	2,500	-	2,500	2,500	-
Recreation basketball / tennis court maintenance	2,000	-	2,000	2,000	-
Senior center tables	3,600	-	3,600	1,112	2,488
Selectmen's office equipment and furniture	1,000	-	1,000	981	19
Town buildings maintenance	25,000	-	25,000	27,982	(2,982)
Town clerk - records preservation	7,875	-	7,875	94	7,781
Fire company - equipment / hose	8,500	-	8,500	8,500	-
Fire company - turnout gear	15,000	-	15,000	15,000	-
Civil preparedness	2,500	-	2,500	2,386	114
Narrow band radio upgrade	76,000	-	76,000	76,000	-
Village green bridge	-	260,000	260,000	260,000	-
Conservation and development	15,000	-	15,000	15,000	-
	<u>181,225</u>	<u>267,500</u>	<u>448,725</u>	<u>435,599</u>	<u>13,126</u>
<b>Assessor revaluation expense</b>	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<b>Nonrecurring school expenditures</b>	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
<b>School boiler replacement project</b>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<b>Total capital outlay</b>	<u>291,725</u>	<u>526,500</u>	<u>818,225</u>	<u>804,535</u>	<u>13,690</u>
<b>Total expenditures</b>	<u>\$ 18,073,678</u>	<u>\$ 695,053</u>	<u>\$ 18,768,731</u>	<u>\$ 20,099,060</u>	<u>\$ (1,330,329)</u>

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	School Lunch Fund	Special Education Grants	Inland Wetland Mitigation	Open Space	Edmund McGowan Scholarship Fund	Scholarships Held by School	Total
<b><u>Assets</u></b>							
Cash and cash equivalents	\$ 35,040	\$ -	\$ 13,239	\$ 385	\$ 269	\$ -	\$ 48,933
Investments	-	-	-	-	16,785	988	17,773
Receivables	12,728	18,913	-	-	-	-	31,641
Inventory	3,084	-	-	-	-	-	3,084
Due from other funds	9,455	1,604	-	-	-	30,106	41,165
Due from fiduciary funds	-	-	-	-	-	17,245	17,245
<b>Total assets</b>	<b>\$ 60,307</b>	<b>\$ 20,517</b>	<b>\$ 13,239</b>	<b>\$ 385</b>	<b>\$ 17,054</b>	<b>\$ 48,339</b>	<b>\$ 159,841</b>
<b><u>Liabilities and fund balances</u></b>							
<b>Liabilities:</b>							
Due to other funds	\$ -	\$ 9,455	\$ -	\$ -	\$ 17,054	\$ -	\$ 26,509
Unearned revenue	-	11,062	-	-	-	-	11,062
<b>Total liabilities</b>	<b>-</b>	<b>20,517</b>	<b>-</b>	<b>-</b>	<b>17,054</b>	<b>-</b>	<b>37,571</b>
<b>Fund Balances:</b>							
Nonspendable	3,084	-	-	-	-	-	3,084
Restricted	-	-	11,169	-	-	-	11,169
Assigned	57,223	-	2,070	385	-	48,339	108,017
<b>Total fund balances</b>	<b>60,307</b>	<b>-</b>	<b>13,239</b>	<b>385</b>	<b>-</b>	<b>48,339</b>	<b>122,270</b>
<b>Total liabilities and fund balances</b>	<b>\$ 60,307</b>	<b>\$ 20,517</b>	<b>\$ 13,239</b>	<b>\$ 385</b>	<b>\$ 17,054</b>	<b>\$ 48,339</b>	<b>\$ 159,841</b>

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	School Lunch Fund	Special Education Grants	Inland Wetland Mitigation	Open Space	Edmund McGowan Scholarship Fund	Scholarships Held by School	Total
<b>Revenues:</b>							
Intergovernmental	\$ 80,763	\$ 250,650	\$ -	\$ -	\$ -	\$ -	\$ 331,413
Local revenues	158,713	-	5	-	125	13,052	171,895
<b>Total revenues</b>	<b>239,476</b>	<b>250,650</b>	<b>5</b>	<b>-</b>	<b>125</b>	<b>13,052</b>	<b>503,308</b>
<b>Expenditures:</b>							
Current expenditures:							
Education	202,778	250,650	-	-	1,000	1,240	455,668
<b>Total expenditures</b>	<b>202,778</b>	<b>250,650</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>1,240</b>	<b>455,668</b>
<b>Excess of revenues over (under) expenditures</b>	<b>36,698</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>(875)</b>	<b>11,812</b>	<b>47,640</b>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	-	-	-	17,054	17,054
Transfers (out)	-	-	-	-	(17,054)	-	(17,054)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,054)</b>	<b>17,054</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>36,698</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>(17,929)</b>	<b>28,866</b>	<b>47,640</b>
<b>Fund balances, beginning of year</b>	<b>23,609</b>	<b>-</b>	<b>13,234</b>	<b>385</b>	<b>17,929</b>	<b>19,473</b>	<b>74,630</b>
<b>Fund balances, end of year</b>	<b>\$ 60,307</b>	<b>\$ -</b>	<b>\$ 13,239</b>	<b>\$ 385</b>	<b>\$ -</b>	<b>\$ 48,339</b>	<b>\$ 122,270</b>



**TOWN OF NORTH STONINGTON, CONNECTICUT**

**COMBINING BALANCE SHEET OF FIDUCIARY FUNDS  
PENSION TRUST FUNDS**

**JUNE 30, 2013**

	General Government Retirement	Board of Education Retirement	<b>Total</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 47,208	\$ -	\$ 47,208
Investments	1,446,820	1,162,312	2,609,132
<b>Total assets</b>	<u>\$ 1,494,028</u>	<u>\$ 1,162,312</u>	<u>\$ 2,656,340</u>
<b><u>Fund Balances</u></b>			
<b>Fund Balances:</b>			
Held in trust for pension benefits and other purposes	\$ 1,494,028	\$ 1,162,312	\$ 2,656,340
<b>Total fund balances</b>	<u>\$ 1,494,028</u>	<u>\$ 1,162,312</u>	<u>\$ 2,656,340</u>

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS  
PENSION TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Government Retirement	Board of Education Retirement	<b>Total</b>
<b><u>Additions:</u></b>			
Contributions	\$ 80,172	\$ -	\$ 80,172
Investment earnings	251,140	16,021	267,161
<b>Total additions</b>	<u>331,312</u>	<u>16,021</u>	<u>347,333</u>
<b><u>Deductions:</u></b>			
Distributions	<u>22,680</u>	<u>167,338</u>	<u>190,018</u>
<b>Total deductions</b>	<u>22,680</u>	<u>167,338</u>	<u>190,018</u>
<b>Net increase / (decrease)</b>	308,632	(151,317)	157,315
<b>Fund balances, beginning of year</b>	<u>1,185,396</u>	<u>1,313,629</u>	<u>2,499,025</u>
<b>Fund balances, end of year</b>	<u><u>\$ 1,494,028</u></u>	<u><u>\$ 1,162,312</u></u>	<u><u>\$ 2,656,340</u></u>

## TOWN OF NORTH STONINGTON, CONNECTICUT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
**JUNE 30, 2013**

	Student Activity Fund	Performance Bonds	Bicentennial Committee Fund	Total
<b><u>Assets</u></b>				
Beginning balance - cash	\$ 18,110	\$ 88,802	\$ 1,599	\$ 108,511
Additions	268,639	6,663	50	275,352
Deductions	275,422	17,262	1,649	294,333
<b>Ending balance - cash</b>	<b>11,327</b>	<b>78,203</b>	<b>-</b>	<b>89,530</b>
Beginning balance - investments	100,022	51,704	10,232	161,958
Additions	46	143	530	719
Deductions	-	-	10,762	10,762
<b>Ending balance - investments</b>	<b>100,068</b>	<b>51,847</b>	<b>-</b>	<b>151,915</b>
<b>Total assets</b>	<b>\$ 111,395</b>	<b>\$ 130,050</b>	<b>\$ -</b>	<b>\$ 241,445</b>
<b><u>Liabilities</u></b>				
Beginning balance - due to student groups	\$ 105,535	\$ -	\$ -	\$ 105,535
Additions	264,037	-	-	264,037
Deductions	275,422	-	-	275,422
<b>Ending balance - due to student groups</b>	<b>94,150</b>	<b>-</b>	<b>-</b>	<b>94,150</b>
Beginning balance - due to developers	-	140,506	-	140,506
Additions	-	6,806	-	6,806
Deductions	-	17,262	-	17,262
<b>Ending balance - due to developers</b>	<b>-</b>	<b>130,050</b>	<b>-</b>	<b>130,050</b>
Beginning balance - due to others	-	-	11,831	11,831
Additions	-	-	580	580
Deductions	-	-	12,411	12,411
<b>Ending balance - due to others</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beginning balance - due to other funds	12,597	-	-	12,597
Additions	4,648	-	-	4,648
Deductions	-	-	-	-
<b>Ending balance - due to other funds</b>	<b>17,245</b>	<b>-</b>	<b>-</b>	<b>17,245</b>
<b>Total liabilities</b>	<b>\$ 111,395</b>	<b>\$ 130,050</b>	<b>\$ -</b>	<b>\$ 241,445</b>

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**SCHEDULE OF CHANGES IN FUND BALANCE  
CAPITAL NONRECURRING FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	Beginning Balance	General Fund Budget	Additional Transfers	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
<b>Restricted fund balance</b>								
Water Study 1-95 (STEAP)	\$ 195,101	\$ -	\$ -	\$ -	\$ -	\$ 195,101	\$ 64	\$ 195,037
Recreation Courts (STEAP)	300	-	(300)	-	-	-	-	-
<b>Total restricted</b>	<u>195,401</u>	<u>-</u>	<u>(300)</u>	<u>-</u>	<u>-</u>	<u>195,101</u>	<u>64</u>	<u>195,037</u>
<b>Committed fund balance</b>								
School boiler project	5,530	-	144,470	-	-	150,000	40,433	109,567
Boombridge	209,574	-	-	-	-	209,574	28,482	181,092
Kingswood Meadow Wood	23,251	-	1,165	1,915	-	26,331	26,331	-
Revaluation	38,702	15,000	-	-	-	53,702	2,400	51,302
Storm damage	204,794	-	-	(1,915)	-	202,879	13,302	189,577
Engine 1 fire truck	1,610	-	(1,610)	-	-	-	-	-
Wash station	109,377	-	44,000	-	-	153,377	15,993	137,384
Nonrecurring school funds	18,566	75,000	-	-	-	93,566	51,163	42,403
Transfer station / bulky waste closure	74,885	-	-	-	-	74,885	-	74,885
LoCIP scales	38,812	-	-	-	-	38,812	-	38,812
Hewitt property	134,945	-	-	-	-	134,945	2,848	132,097
Land acquisition	10,000	-	-	-	-	10,000	-	10,000
Town building repair and maintenance	774	25,000	-	-	-	25,774	1,440	24,334
Conservation and development	25,000	15,000	-	-	-	40,000	31,298	8,702
Narrow band radio upgrade	-	76,000	-	-	-	76,000	33,143	42,857
Village Green bridge	5,949	-	260,000	-	-	265,949	7,831	258,118
Solar energy	9,405	-	(9,405)	-	-	-	-	-
<b>Total committed</b>	<u>911,174</u>	<u>206,000</u>	<u>438,620</u>	<u>-</u>	<u>-</u>	<u>1,555,794</u>	<u>254,664</u>	<u>1,301,130</u>
<b>Assigned fund balance</b>								
Future projects	852,517	-	(852,770)	-	253	-	-	-
Other post-employment benefits	130,000	-	(130,000)	-	-	-	-	-
<b>Total assigned</b>	<u>982,517</u>	<u>-</u>	<u>(982,770)</u>	<u>-</u>	<u>253</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 2,089,092</u>	<u>\$ 206,000</u>	<u>\$ (544,450)</u>	<u>\$ -</u>	<u>\$ 253</u>	<u>\$ 1,750,895</u>	<u>\$ 254,728</u>	<u>\$ 1,496,167</u>

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**SUMMARY OF PROJECT BUDGETS (CASH BASIS)**

**LOCIP FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Beginning Balance	Internal Transfers	Funds Budgeted	Total Available	Monies Received	Pending Receipt *	Ending Balance
<b>Projects approved by the state:</b>							
Northwest Corner road	\$ -	\$ 4,127	\$ 45,873	\$ 50,000	\$ (49,100)	\$ -	\$ 900
Transfer station scales	30,000	-	-	30,000	-	-	30,000
Transfer Station building modifications	25,000	-	-	25,000	(25,000)	-	-
Boombridge Road Bridge	30,000	-	-	30,000	-	-	30,000
<b>Total approved by the state</b>	<u>85,000</u>	<u>4,127</u>	<u>45,873</u>	<u>135,000</u>	<u>(74,100)</u>	<u>-</u>	<u>60,900</u>
<b>Projects not approved by the state:</b>							
Uncommitted	41,676	(4,127)	-	37,549	-	-	37,549
<b>Total not approved by the state</b>	<u>41,676</u>	<u>(4,127)</u>	<u>-</u>	<u>37,549</u>	<u>-</u>	<u>-</u>	<u>37,549</u>
<b>Total</b>	<u>\$ 126,676</u>	<u>\$ -</u>	<u>\$ 45,873</u>	<u>\$ 172,549</u>	<u>\$ (74,100)</u>	<u>\$ -</u>	<u>\$ 98,449</u>

\* Application submitted to State of Connecticut for reimbursement.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL)  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Salaries:					
Central office	\$ 555,530	\$ (10,359)	\$ 545,171	\$ 544,872	\$ 299
Administrators	336,546	-	336,546	336,546	-
Teachers	5,400,434	46,515	5,446,949	5,446,949	-
Guidance	143,152	-	143,152	142,439	713
Secretarial	150,947	(4,904)	146,043	146,043	-
Teacher assistants	273,349	(14,091)	259,258	259,258	-
Library / media	105,946	-	105,946	105,946	-
Custodial / grounds	390,441	8,667	399,108	399,108	-
Central office	109,483	25,953	135,436	135,436	-
Contracted services	35,000	-	35,000	34,685	315
Text books	13,273	2,293	15,566	15,566	-
Library books	12,730	-	12,730	12,635	95
Instructional supplies	127,483	(15,679)	111,804	111,804	-
Other expenses, schools	102,529	(2,000)	100,529	100,004	525
Supplies, health	3,500	-	3,500	3,488	12
Transportation	908,575	(36,244)	872,331	872,331	-
Heat	134,419	(37,735)	96,684	96,684	-
Utilities	257,551	(62,382)	195,169	195,169	-
Custodial supplies	78,991	31,836	110,827	110,827	-
Postage	9,208	(398)	8,810	8,622	188
Maintenance services	256,216	(14,039)	242,177	242,177	-
Lease of equipment	29,108	(3,360)	25,748	25,748	-
Replacement of equipment	20,720	42,503	63,223	63,223	-
Social security	193,342	(3,741)	189,601	189,601	-
Employee benefits	1,880,708	45,604	1,926,312	1,926,312	-
Employee retirement	89,551	(2,511)	87,040	87,040	-
Student activities	72,049	(11,703)	60,346	60,346	-
Equipment	16,698	74,732	91,430	91,430	-
Tuition	387,803	(58,957)	328,846	328,846	-
Other	-	-	-	(65,742)	65,742
<b>Total expenditures</b>	<b>\$ 12,095,282</b>	<b>\$ -</b>	<b>\$ 12,095,282</b>	<b>\$ 12,027,393</b>	<b>\$ 67,889</b>

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**STATEMENT OF DEBT LIMITATION  
CONNECTICUT GENERAL STATUTES SECTION 7.374(B)  
FOR THE YEAR ENDED JUNE 30, 2013**

Total tax collection including interest and  
lien fees for the year ended June 30, 2013

\$ 12,588,325

Reimbursement for revenue loss:

Tax Relief for Elderly

32,717

**Base**

\$ 12,621,042

	<u>General</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
<b>Debt Limitation:</b>					
2 1/4 times base	\$ 28,397,345	\$	\$	\$	\$
4 1/2 times base		56,794,689			
3 3/4 times base			47,328,908		
3 1/4 times base				41,018,387	
3 times base					37,863,126
<b>Total debt limitation</b>	<u>28,397,345</u>	<u>56,794,689</u>	<u>47,328,908</u>	<u>41,018,387</u>	<u>37,863,126</u>
<b>Indebtedness:</b>					
School bonds	-	540,000	-	-	-
Bond anticipation notes payable	<u>533,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total indebtedness</b>	<u>533,000</u>	<u>540,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt limitation in excess of outstanding and authorized debt</b>	<u><u>\$ 27,864,345</u></u>	<u><u>\$ 56,254,689</u></u>	<u><u>\$ 47,328,908</u></u>	<u><u>\$ 41,018,387</u></u>	<u><u>\$ 37,863,126</u></u>

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**REPORT OF THE TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Grand List October 1,</b>	<b>Taxes Receivable July 1, 2012</b>	<b>Lawful Corrections</b>		<b>Suspense Transfers</b>	<b>Adjusted Taxes Receivable</b>	<b>Collections</b>			<b>Taxes Receivable June 30, 2013</b>
		<b>Additions</b>	<b>Deductions</b>			<b>Taxes</b>	<b>Interest and Liens</b>	<b>Total</b>	
2011	\$ 12,510,493	\$ 3,625	\$ 25,467	\$ -	\$ 12,488,651	\$ 12,226,257	\$ 36,650	\$ 12,262,907	\$ 262,394
2010	317,961	\$743	\$2,427	-	316,277	\$195,583	\$43,541	239,124	120,694
2009	98,101	-	275	-	97,826	48,927	13,726	62,653	48,899
2008	34,111	-	-	-	34,111	12,022	4,736	16,758	22,089
2007	23,413	-	-	-	23,413	752	1,107	1,859	22,661
2006	22,936	-	45	-	22,891	465	802	1,267	22,426
2005	(446)	-	-	-	(446)	(212)	281	69	(234)
2004	(4,067)	-	-	-	(4,067)	161	529	690	(4,228)
2003	(2,084)	-	-	-	(2,084)	306	588	894	(2,390)
2002	(618)	-	-	-	(618)	330	634	964	(948)
2001	(2,251)	-	-	-	(2,251)	209	-	209	(2,460)
2000	(911)	-	-	-	(911)	336	726	1,062	(1,247)
1999	413	-	-	-	413	(96)	-	(96)	509
1998	2,142	-	-	-	2,142	(35)	-	(35)	2,177
1997	2,117	-	-	-	2,117	-	-	-	2,117
	<u>\$ 13,001,310</u>	<u>\$ 4,368</u>	<u>\$ 28,214</u>	<u>\$ -</u>	<u>\$ 12,977,464</u>	<u>\$ 12,485,005</u>	<u>\$ 103,320</u>	<u>\$ 12,588,325</u>	<u>\$ 492,459</u>



**TOWN OF NORTH STONINGTON, CONNECTICUT**

**STATE SINGLE AUDIT**

**YEAR ENDED JUNE 30, 2013**

**with**

**INDEPENDENT AUDITOR'S REPORTS**

*Sandra E. Welwood, LLC*

Certified Public Accountants

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**STATE SINGLE AUDIT**

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**JUNE 30, 2013**

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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*

### Independent Auditor's Report

To the Board of Finance  
Town of North Stonington, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of North Stonington, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of North Stonington, Connecticut's basic financial statements, and have issued our report thereon dated December 6, 2013.

### **Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Town of North Stonington in a separate letter dated December 6, 2013.

## **Purpose of This Report**

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

A handwritten signature in blue ink that reads "Sandra E. Welwood, LLC".

Danbury, Connecticut  
December 6, 2013

# *Sandra E. Welwood, LLC*

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

### Independent Auditor's Report

To the Board of Finance  
Town of North Stonington, Connecticut

#### **Report on Compliance for Each Major State Program**

We have audited the Town of North Stonington, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of North Stonington, Connecticut's major state programs for the year ended June 30, 2013. Town of North Stonington, Connecticut's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of North Stonington, Connecticut's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of North Stonington, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### **Opinion on Each Major State Program**

In our opinion, the Town of North Stonington, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirement of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act**

We have audited the financial statements of the Town of North Stonington, Connecticut, as of and for the year ended June 30, 2013 and have issued our report thereon dated December 6, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of State Financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the financial statements as a whole.

*Sandra E. Welwood, LLC*

Danbury, Connecticut  
December 6, 2013

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>State Grantor Pass - Through Grantor Program Title</b>	<b>State Grant Program CORE-CT Number</b>	<b>Expenditures</b>
<b><u>Connecticut State Library</u></b>		
Historic document preservation	12060-CSL66094-35150	\$ 4,000
		<u>4,000</u>
<b><u>Department of Economic and Community Development</u></b>		
Local arts agency program	11000-ECD46820-16196	706
Local arts agency program	11000-ECD46820-20328	2,008
		<u>2,714</u>
<b><u>Judicial Department</u></b>		
Distribution to towns	34001-JUD95162-40001	8,390
		<u>8,390</u>
<b><u>Department of Transportation</u></b>		
Town aid roads	13033-DOT57131-43459	119,935
Highway	12062-DOT57191-22108	26,238
		<u>146,173</u>
<b><u>Office of Policy and Management</u></b>		
Property tax relief for disability exemption	11000-OPM20600-17011	529
Property tax relief for elderly and totally disabled	11000-OPM20600-17018	32,717
Property tax relief for veterans	11000-OPM20600-17024	7,609
PILOT on state owned property	11000-OSC15910-17004	22,622
Local capital improvement program (LOCIP)	12050-OPM20600-40254	74,100
		<u>137,577</u>
<b><u>Department of Education</u></b>		
Child nutrition program (school lunch state match)	11000-SDE64370-16211	2,522
Health foods initiative	11000-SDE64370-16212	5,478
Breakfast program	11000-SDE64370-17046	3,139
Health services	11000-SDE64370-17034	3,950
Adult education	11000-SDE64370-17030	6,829
Magnet schools	11000-SDE64370-17057	9,100
		<u>31,018</u>
<b>Total state financial assistance before exempt programs</b>		<u>329,872</u>
<b><u>Exempt programs:</u></b>		
<b><u>Department of Education</u></b>		
Education cost sharing	11000-SDE64370-17041	2,906,538
Public school transportation	11000-SDE64370-17027	52,046
Special education - excess costs - student based	11000-SDE64370-17047	47,231
School construction grants - interest	13009-SDE64370-40896	21,654
School construction grants - principal	13009-SDE64370-40901	323,525
		<u>3,350,994</u>
<b><u>Office of Policy and Management</u></b>		
Grants to towns	12009-OPM20600-17005	884,602
Municipal revenue sharing	12060-OPM20600-35458	45,663
		<u>930,265</u>
<b>Total exempt programs</b>		<u>4,281,259</u>
<b>Total state financial assistance</b>		<u>\$ 4,611,131</u>

See notes to schedule.

## TOWN OF NORTH STONINGTON, CONNECTICUT

### NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

#### FOR THE YEAR ENDED JUNE 30, 2013

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The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of the Town of North Stonington, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2013. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of North Stonington, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including education, transportation, property tax relief, local improvement, and public health.

#### **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Town of North Stonington, Connecticut conform to generally accepted accounting principles as applicable to governments.

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

#### *Basis of Accounting*

The financial statements contained in the Town of North Stonington, Connecticut's annual audit report are prepared on the accrual basis of accounting. The following is a summary of such basis:

- Revenues are recognized when cash is received or when measurable and available.
- Expenditures are recorded when the liability is incurred.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.



**TOWN OF NORTH STONINGTON, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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**I. Summary of Auditor's Results**

Financial Statements

Type of auditor's opinion issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes   X   no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none

Type of auditor's opinion issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

\_\_\_\_\_ yes   X   no

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State CORE-CT Number</u>	<u>Expenditures</u>
<u>Office of Policy and Management</u>		
Local capital improvement program	12050-OPM20600-40254	\$ <u>74,100</u>
<u>Department of Transportation</u>		
Town aid road	13033-DOT57131-43459	\$ <u>119,935</u>

- Dollar threshold used to distinguish between type A and B programs \$ 100,000

**Town of North Stonington, Connecticut**  
**Schedule of Findings and Questioned Costs (continued)**

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**II. Financial Statements Findings**

No findings were reported.

**III. State Financial Assistance Findings and Questioned Costs**

No findings or questioned costs were reported.

**TOWN OF NORTH STONINGTON, CONNECTICUT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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**MW-07-2 – Controls over the Period-End Financial Reporting Process**

**Condition:** The audit identified material adjustments to the Town's internally prepared financial reporting. Although these have been subsequently corrected by management, the internal reports presented and used for management decisions were materially misstated.

**Current Status:** This has been resolved.

**MW-08-1 – Entity Level Controls**

**Condition:** Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework.

The Town does not have a framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

**Current Status:** This is has been resolved.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**FEDERAL SINGLE AUDIT**

**YEAR ENDED JUNE 30, 2013**

**with**

**INDEPENDENT AUDITOR'S REPORTS**

*Sandra E. Welwood, LLC*

Certified Public Accountants

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**FEDERAL SINGLE AUDIT**

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**JUNE 30, 2013**

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## Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

To the Board of Finance  
Town of North Stonington, Connecticut

### **Report on Compliance for Each Major Federal Program**

We have audited the Town of North Stonington, Connecticut's ("Town") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2013. The Town's major federal program is identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

### ***Opinion on Major Federal Program***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2013.

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

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

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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities of each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2013 and have issued our report thereon dated December 6, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Sandra E. Welwood, LLC". The signature is written in a cursive style.

Danbury, Connecticut  
December 6, 2013



**TOWN OF NORTH STONINGTON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Federal Grantor / Pass Through Grantor / Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>Department of Education</u></b>			
<b>Passed through the Connecticut Department of Education:</b>			
Title I Grants to Local Educational Agencies - 2012	84.010	12060-SDE64370-20679	\$ 307
Title I Grants to Local Educational Agencies - 2013	84.010	12060-SDE64370-20679	67,009
			<u>67,316</u>
IDEA Individuals with Disabilities - 2012	84.027	12060-SDE64370-20977	89,796
IDEA Individuals with Disabilities - 2012	84.027	12060-SDE64370-20977	83,334
Special Education - Preschool Grants - 2012	84.173	12060-SDE64370-20983	2,226
			<u>175,356</u>
Improving Teacher Quality State Grants - 2012	84.367	12060-SDE64370-20858	1,580
Improving Teacher Quality State Grants - 2013	84.367	12060-SDE64370-20858	6,399
			<u>7,979</u>
<b>Total department of education</b>			<u><b>250,651</b></u>
<b><u>Department of Agriculture</u></b>			
<b>Passed through the Connecticut Department of Education:</b>			
National School Lunch Program - 2012	10.555	12060-SDE64370-20560	15,300
National School Lunch Program - 2013	10.555	12060-SDE64370-20560	42,543
School Breakfast Program - 2012	10.553	12060-SDE64370-20508	2,000
School Breakfast Program - 2013	10.553	12060-SDE64370-20508	4,805
<b>Total department of agriculture</b>			<u><b>64,648</b></u>
<b><u>Department of Homeland Security</u></b>			
<b>Passed through the State Department of Homeland Security:</b>			
FEMA Public Assistance	97.036	12060-DPS32985-21891	1,098,919
<b>Total department of homeland security</b>			<u><b>1,098,919</b></u>
<b><u>Department of Energy</u></b>			
<b>Passed through the Connecticut Department of Environmental Protection:</b>			
State Energy Assurance - ARRA	81.122	12060-DEP44720-29072	1,200
<b>Total department of energy</b>			<u><b>1,200</b></u>
<b><u>Department of Transportation</u></b>			
<b>Passed through the State Department of Transportation:</b>			
Alcohol Open Container Requirements	20.607	12062-DOT57343-22091	29,497
<b>Total department of transportation</b>			<u><b>29,497</b></u>
<b>Total federal financial assistance expenditures</b>			<u><b>\$ 1,444,915</b></u>

See notes to schedule.

**TOWN OF NORTH STONINGTON, CONNECTICUT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

---

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Town of North Stonington, Connecticut under programs of the federal government for the year ended June 30, 2013. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Because the Schedule presents only a selected portion of the operations of the Town of North Stonington, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of North Stonington, Connecticut.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited to reimbursement.

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## Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Finance  
Town of North Stonington, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of North Stonington, Connecticut (the "Town") as of and for the year ended June 30, 2013 and the related notes to the financial statements which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 6, 2013.

### **Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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*.

We noted certain matters that we reported to management of the Town in a separate letter dated December 6, 2013.

## **Purpose of This Report**

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



Danbury, Connecticut  
December 6, 2013

**TOWN OF NORTH STONINGTON, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

---

**I. Summary of Auditor's Results**

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?            yes     X     no
- Significant deficiency(ies) identified?            yes     X     none reported

Noncompliance material to financial statements noted?

           yes     X     no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?            yes     X     no
- Significant deficiency(ies) identified?            yes     X     none reported

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

           yes     X     no

- The following schedule reflects the major programs included in the audit:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
FEMA Public Assistance	97.036

- Dollar threshold used to distinguish between type A and B programs \$ 300,000

- Auditee qualified as low-risk?            yes     X     no

**Town of North Stonington, Connecticut**  
**Schedule of Findings and Questioned Costs (continued)**

---

**II. Financial Statements Findings**

No findings were reported.

**III. Federal Award Findings and Questioned Costs**

No findings or questioned costs were reported.

**TOWN OF NORTH STONINGTON, CONNECTICUT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

---

**MW-07-2 – Controls over the Period-End Financial Reporting Process**

**Condition:** The audit identified material adjustments to the Town's internally prepared financial reporting. Although these have been subsequently corrected by management, the internal reports presented and used for management decisions were materially misstated.

**Current Status:** This has been resolved.

**MW-08-1 – Entity Level Controls**

**Condition:** Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework.

The Town does not have a framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

**Current Status:** This has been resolved.