

**TOWN OF NORTH STONINGTON, CONNECTICUT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
**with**  
**SUPPLEMENTAL STATEMENTS AND SCHEDULES**  
**and**  
**INDEPENDENT AUDITORS' REPORT**

*Sandra E. Welwood, LLC*  
Certified Public Accountants

# TOWN OF NORTH STONINGTON, CONNECTICUT

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## INDEPENDENT AUDITORS' 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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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, 2016, 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 and the required supplementary information on page 40 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, Statement of Debt Limitation, and the Report of the Tax Collector 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, Statement of Debt Limitation, and the Report of the Tax Collector are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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, Statement of Debt Limitation, and the Report of the Tax Collector 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 November 28, 2016, 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.



Danbury, Connecticut  
November 28, 2016

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

**JUNE 30, 2016**

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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, 2016. 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 \$12,915,815 (net position). This is an increase of \$358,606 or 2.9% from the prior fiscal year.
- Government-wide revenues were \$20,846,461 and expenses were \$20,487,855. On a government-wide basis, revenues exceeded expenses by \$358,606.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$2,427,662, a decrease of \$11,086 from the prior fiscal year. This represents the combined balances in the General Fund, Capital Nonrecurring Fund, Capital Projects Fund, Emergency Services Center Fund, and other smaller funds.
- In the General Fund, expenses exceeded revenues and net transfers by \$61,028. The total General Fund balance of \$2,113,982 as of June 30, 2016, compares to a balance of \$2,175,010 in the prior year.
- At the end of the current fiscal year, the Unassigned General Fund balance was \$1,911,561. This represents 10.4% of total General Fund expenditures (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 (Deficits) 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 (Deficits) for the General, Capital Nonrecurring, Capital Projects, and Emergency Services Center 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 – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget and Actual.

**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 \$358,606 from a year ago. Our analysis below focuses on the net position and changes in net position of the Town.

	<u>2016</u>	<u>Change During Year</u>		<u>2015</u>
		<u>Dollars</u>	<u>Percent</u>	
<b><u>Assets</u></b>				
Current and other assets	\$ 5,843,166	\$ 852,966	17.1%	\$ 4,990,200
Capital assets	<u>11,642,443</u>	<u>(10,527)</u>	-0.1%	<u>11,652,970</u>
Total assets	<u>17,485,609</u>	<u>842,439</u>	5.1%	<u>16,643,170</u>
<b><u>Liabilities</u></b>				
Long-term debt outstanding	1,818,993	(141,742)	-7.2%	1,960,735
Other liabilities	<u>2,750,801</u>	<u>625,575</u>	29.4%	<u>2,125,226</u>
Total liabilities	<u>4,569,794</u>	<u>483,833</u>	11.8%	<u>4,085,961</u>
<b><u>Net Position</u></b>				
Net investment in capital assets	9,288,443	(504,527)	-5.2%	9,792,970
Restricted – expendable	494,386	(110,336)	-18.2%	604,722
Unrestricted	<u>3,132,986</u>	<u>973,469</u>	45.1%	<u>2,159,517</u>
Total net position	<u>\$ 12,915,815</u>	<u>\$ 358,606</u>	2.9%	<u>\$ 12,557,209</u>

Capital Assets decreased by \$10,527. The decrease includes \$462,749 reduction for current year depreciation expense, which more than offset the Town's capital spending during the year.

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

During the current year, the Town paid the annual principal due of \$300,000 on the general obligation serial notes. The Town also paid off the \$1,200,000 short-term notes (BANS) through the issuance of new BANS in the amount of \$2,000,000. Subsequent to year end, the new BANS were paid off through the issuance of \$7,146,000 of BANS. The additional proceeds will be used primarily for the Emergency Services Center. See Notes 7 and 8 to the financial statements for additional information.

	2016	Change During Year		2015
		Dollars	Percent	
<u>Revenues</u>				
Program revenues:				
Charges for services	\$ 547,381	\$ 104,721	23.7%	\$ 442,660
Operating grants and contributions	5,149,313	305,627	6.3%	4,843,686
Capital grants and contributions	138,359	(17,168)	-11.0%	155,527
General revenues:				
Property taxes	13,954,807	247,413	1.8%	13,707,394
Grants and contributions	1,011,730	(23,679)	-2.3%	1,035,409
Interest and investment earnings	2,416	1,601	196.4%	815
Other	42,455	(63,172)	-59.8%	105,627
Total revenues	<u>20,846,461</u>	<u>555,343</u>	2.7%	<u>20,291,118</u>
<u>Expenses</u>				
General government	2,391,763	154,274	6.9%	2,237,489
Public safety	1,351,673	(391,861)	-22.5%	1,743,534
Public works	1,838,260	(351,556)	-16.1%	2,189,816
Education	14,897,070	466,585	3.2%	14,430,485
Interest on long-term debt	9,089	(16,679)	-64.7%	25,768
Total expenses	<u>20,487,855</u>	<u>(139,237)</u>	-0.7%	<u>20,627,092</u>
Change in net position	<u>\$ 358,606</u>	<u>\$ 694,580</u>	-206.7%	<u>\$ (335,974)</u>

The following are the significant changes from the prior year:

- Operating grants revenue increased \$305,627 (6.3%) because of an increase of \$176,401 in the teachers' retirement on behalf payments from \$1,135,183 to \$1,311,584.
- Capital grants revenue decreased \$17,168 (-11.0%) because the prior year included higher FEMA and LOCIP reimbursement grants.
- Education expenses increased \$466,585 (3.2%) primarily from an increase in the current year teachers' retirement on behalf payments mentioned above compared to the prior year.



**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 \$2,427,662, a decrease of \$11,086 from the prior year.

<u>Ending Fund Balance as of:</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
General Fund	\$ 2,113,982	\$ 2,175,010	\$ (61,028)
Capital Nonrecurring Fund	173,212	99,868	73,344
Capital Projects Fund	1,078,933	840,205	238,728
Emergency Services Center	(1,033,521)	(734,632)	(298,889)
Other Funds	<u>95,056</u>	<u>58,297</u>	<u>36,759</u>
Total	<u>\$ 2,427,662</u>	<u>\$ 2,438,748</u>	<u>\$ (11,086)</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 \$1,911,561. 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 10.4% of total General Fund expenditures (on a budgetary basis) in the current fiscal year. In the prior year, the Unassigned Fund Balance was 9.9% of the total General Fund expenditures (on a budgetary basis).

The Town's total General Fund balance decreased by \$61,028 or (-2.8%) during the current fiscal year.

**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 Connecticut 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. Connecticut State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

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

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	<u>Final Budget</u>	<u>Actual</u>	<u>Better (Worse) Than Budget</u>
Revenues:			
Property taxes	\$ 13,751,491	\$ 13,716,330	\$ (35,161)
Interest and investment earnings	2,000	2,416	416
Intergovernmental	4,610,097	4,387,396	(222,701)
Licenses, fees, fines and charges	154,701	196,427	41,726
Other	<u>192,957</u>	<u>234,012</u>	<u>41,055</u>
Total revenues	<u>18,711,246</u>	<u>18,536,581</u>	<u>(174,665)</u>
Expenditures:			
General government	4,858,863	4,668,876	189,987
Debt service	308,942	309,089	(147)
Capital outlay	750,668	750,668	-
Education	<u>12,759,102</u>	<u>12,701,206</u>	<u>57,896</u>
Total expenditures	<u>18,677,575</u>	<u>18,429,839</u>	<u>247,736</u>
Increase in fund balance – budgetary basis	<u>\$ 33,671</u>	<u>\$ 106,742</u>	<u>\$ 73,071</u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of this year, the Town had \$11,642,443 invested in capital assets. This amount represents a net decrease (including additions and deductions) of \$10,527 from last year. This is primarily due to various infrastructure projects, which was more than offset by the current year's depreciation expense. 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 \$300,000 in general obligation notes outstanding. This is a decrease of \$300,000 from the \$600,000 general obligation notes that were outstanding last year. The Town is currently not rated by the rating agencies because all general obligation bonds outstanding have been paid in full. More detailed information about the Town's long-term obligations is presented in Notes 7 and 8 to the financial statements.

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

The Grand List for Fiscal Year 2015-2016 only grew by approximately one percent and next year the Town will implement the statistical revaluation with the 2015 Grand List. The Town had another successful year in its operations and our surplus increased to \$1,911,561, which is 10.4 percent of the Town's current fiscal year operating budget.

First Selectman Shawn Murphy took office in November, 2015 and has worked with all boards, commissions, and departments to streamline the governmental process and provide professional services to our residents and taxpayers. The Center for Emergency Services construction is continuing and the town voted to approve a \$38,550,000 School Modernization Project. Several small businesses have relocated to our Town and we have issued permits for a new propane company to build a new full service facility near Exit 93.

Moving forward into fiscal year 2016-2017, the Town will pay off its last short term note of \$300,000 and Sweeper lease for the Public Works Department. The Selectmen have requested funding to demolish several Town owned buildings that are not being used and are considered a liability to the Town on the Hewitt Farm and Wintechog Hill Road properties. The government will continue to support the Wheeler Library and provide necessary services to our residents and taxpayers.

## **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, 2016**

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<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 5,131,841
Receivables:	
Taxes and interest, net of allowance of \$350,000	620,896
Intergovernmental	39,122
Other	25,464
Prepaid expenses	2,429
Inventory	3,378
Due from fiduciary funds	20,036
Noncurrent assets:	
Capital assets:	
Not being depreciated	1,252,306
Being depreciated, net of accumulated depreciation	10,390,137
	<hr/>
<b>Total assets</b>	<b>\$ 17,485,609</b>
	<hr/>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	\$ 652,591
Accrued expenses	71,626
Unearned revenue	26,584
Bond anticipation note	2,000,000
Noncurrent liabilities:	
Due within one year	443,712
Due in more than one year	1,375,281
	<hr/>
<b>Total liabilities</b>	<b>4,569,794</b>
	<hr/>
<b><u>Net Position</u></b>	
Net investment in capital assets	9,288,443
Restricted:	
Expendable	494,386
Unrestricted	3,132,986
	<hr/>
<b>Total net position</b>	<b>12,915,815</b>
	<hr/>
<b>Total liabilities and net position</b>	<b>\$ 17,485,609</b>
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The notes to the financial statements are an integral part of this statement.



**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

	<b>General Fund</b>	<b>Capital Nonrecurring Fund</b>	<b>Capital Projects Fund</b>	<b>Emergency Services Center</b>	<b>Other Funds</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>						
Cash and cash equivalents	\$ 3,910,327	\$ 171,669	\$ -	\$ 977,854	\$ 71,991	\$ 5,131,841
Receivables:						
Taxes and interest, net of allowance of \$350,000	620,896	-	-	-	-	620,896
Intergovernmental	30,487	-	-	-	8,635	39,122
Other	25,464	-	-	-	-	25,464
Prepaid expenses	2,429	-	-	-	-	2,429
Due from other funds	-	1,543	1,078,933	-	15,085	1,095,561
Due from fiduciary funds	-	-	-	-	20,036	20,036
Inventory	-	-	-	-	3,378	3,378
<b>Total assets</b>	<b>\$ 4,589,603</b>	<b>\$ 173,212</b>	<b>\$ 1,078,933</b>	<b>\$ 977,854</b>	<b>\$ 119,125</b>	<b>\$ 6,938,727</b>
<b><u>Liabilities</u></b>						
Accounts payable	\$ 652,591	\$ -	\$ -	\$ -	\$ -	\$ 652,591
Accrued expenses	50,627	-	-	11,375	9,624	71,626
Unearned revenue	12,139	-	-	-	14,445	26,584
Bond anticipation notes	-	-	-	2,000,000	-	2,000,000
Due to other funds	1,095,561	-	-	-	-	1,095,561
<b>Total liabilities</b>	<b>1,810,918</b>	<b>-</b>	<b>-</b>	<b>2,011,375</b>	<b>24,069</b>	<b>3,846,362</b>
<b><u>Deferred Inflows of Resources</u></b>						
Unavailable revenue - taxes	664,703	-	-	-	-	664,703
<b><u>Fund Balances (Deficits)</u></b>						
Nonspendable	2,429	-	-	-	3,378	5,807
Restricted	-	26,162	427,168	-	41,056	494,386
Committed	-	147,050	651,765	-	20,036	818,851
Assigned	199,992	-	-	-	36,168	236,160
Unassigned	1,911,561	-	-	(1,033,521)	(5,582)	872,458
<b>Total fund balances (deficits)</b>	<b>2,113,982</b>	<b>173,212</b>	<b>1,078,933</b>	<b>(1,033,521)</b>	<b>95,056</b>	<b>2,427,662</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 4,589,603</b>	<b>\$ 173,212</b>	<b>\$ 1,078,933</b>	<b>\$ 977,854</b>	<b>\$ 119,125</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.	11,642,443
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	664,703
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation serial note	(300,000)
Compensated absences and pension benefits	(1,464,993)
Landfill costs	(54,000)
<b>Net position</b>	<b>\$ 12,915,815</b>

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

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>General Fund</b>	<b>Capital Nonrecurring Fund</b>	<b>Capital Projects Fund</b>	<b>Emergency Services Center</b>	<b>Other Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>						
Property taxes	\$ 13,716,330	\$ -	\$ -	\$ -	\$ -	\$ 13,716,330
Intergovernmental	5,698,980	-	-	-	588,727	6,287,707
Local	409,996	3,100	-	-	190,851	603,947
<b>Total revenues</b>	<b>19,825,306</b>	<b>3,100</b>	<b>-</b>	<b>-</b>	<b>779,578</b>	<b>20,607,984</b>
<b>Expenditures:</b>						
Current:						
General government	1,978,659	-	-	-	219,339	2,197,998
Public safety	980,967	-	-	298,889	-	1,279,856
Public works	1,720,208	-	-	-	-	1,720,208
Education	14,169,602	-	-	-	523,480	14,693,082
Capital outlay	-	64,756	354,081	-	-	418,837
Debt service	309,089	-	-	-	-	309,089
<b>Total expenditures</b>	<b>19,158,525</b>	<b>64,756</b>	<b>354,081</b>	<b>298,889</b>	<b>742,819</b>	<b>20,619,070</b>
<b>Excess of revenues over (under) expenditures</b>	<b>666,781</b>	<b>(61,656)</b>	<b>(354,081)</b>	<b>(298,889)</b>	<b>36,759</b>	<b>(11,086)</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	22,859	135,000	615,668	-	-	773,527
Transfers out	(750,668)	-	(22,859)	-	-	(773,527)
<b>Total other financing sources (uses)</b>	<b>(727,809)</b>	<b>135,000</b>	<b>592,809</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(61,028)</b>	<b>73,344</b>	<b>238,728</b>	<b>(298,889)</b>	<b>36,759</b>	<b>(11,086)</b>
<b>Fund balances (deficits), beginning of year</b>	<b>2,175,010</b>	<b>99,868</b>	<b>840,205</b>	<b>(734,632)</b>	<b>58,297</b>	<b>2,438,748</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 2,113,982</b>	<b>\$ 173,212</b>	<b>\$ 1,078,933</b>	<b>\$ (1,033,521)</b>	<b>\$ 95,056</b>	<b>\$ 2,427,662</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, 2016**

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

<b>Net change in fund balances - total governmental funds</b>	\$ (11,086)
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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	452,222
Depreciation expense not considered in the fund statements	(462,749)
	(10,527)

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 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	300,000
Post-closure landfill costs	6,000
	306,000

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	238,477
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Expenses:

Compensated absences and other post-employment benefits payable	(164,258)
	74,219

<b>Change in net position</b>	<b>\$ 358,606</b>
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The notes to the financial statements are an integral part of this statement.



**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Property taxes, interest, and lien fees	\$ 13,751,491	\$ 13,751,491	\$ 13,716,330	\$ (35,161)
Interest and investment earnings	2,000	2,000	2,416	416
Intergovernmental	4,610,097	4,610,097	4,387,396	(222,701)
Licenses, fees, fines and charges	154,701	154,701	196,427	41,726
Other	192,957	192,957	234,012	41,055
<b>Total revenues</b>	<b>18,711,246</b>	<b>18,711,246</b>	<b>18,536,581</b>	<b>(174,665)</b>
<b>Expenditures:</b>				
Current:				
General government	176,672	176,672	176,638	34
Probate Court	1,794	1,794	1,794	-
Board of Finance	15,501	15,501	15,775	(274)
Assessor's Office	125,906	125,906	125,591	315
Board of Tax Review	2,600	2,600	1,452	1,148
Tax Collector	57,439	52,439	52,178	261
Town Treasurer	6,825	6,825	6,878	(53)
Town Attorney	60,000	80,000	79,110	890
Annexation related	47,000	59,000	58,825	175
Town Clerk	74,338	71,838	75,034	(3,196)
Planning and Zoning Commission	142,575	132,575	111,291	21,284
Building Department	31,665	31,665	31,139	526
Zoning Board of Appeals	1,750	1,750	555	1,195
School Building and Planning Committee	25,100	25,100	22,799	2,301
Economic Development Commission	41,772	41,772	31,103	10,669
Recreation Commission	93,919	93,919	98,740	(4,821)
Inland Wetlands Commission	8,527	8,527	7,788	739
Conservation Commission	2,000	2,000	1,906	94
Water Pollution Control Authority	-	-	-	-
Fixed charges	803,834	799,334	761,887	37,447
Elections and Town Meetings	35,268	35,268	29,147	6,121
Town Hall	65,975	69,275	66,159	3,116
Social Services/Welfare	40,400	40,400	39,403	997
Selectmen's Engineering Service	5,000	5,000	5,566	(566)
Information Technology	64,817	54,817	51,278	3,539
Public safety	958,671	1,002,771	981,167	21,604
Public works	1,774,803	1,774,803	1,713,267	61,536
Conservation of Health	31,438	31,438	28,063	3,375
Senior Citizens	59,823	59,823	59,640	183
Miscellaneous	56,051	56,051	34,703	21,348
Education	12,759,102	12,759,102	12,701,206	57,896
Capital outlay	611,338	750,668	750,668	-
Debt service	308,942	308,942	309,089	(147)
<b>Total expenditures</b>	<b>18,490,845</b>	<b>18,677,575</b>	<b>18,429,839</b>	<b>247,736</b>
<b>Net change in fund balance</b>	<b>\$ 220,401</b>	<b>\$ 33,671</b>	<b>106,742</b>	<b>\$ 73,071</b>
<b>Fund balance, beginning of year</b>			<b>1,807,248</b>	
<b>Fund balance, end of year</b>			<b>\$ 1,913,990</b>	

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

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ -	\$ 211,395
Investments	2,987,286	-
Other receivables	101,142	-
<b>Total assets</b>	<b>3,088,428</b>	<b>211,395</b>
<b><u>Liabilities</u></b>		
Due to students and developers	-	191,359
Due to governmental funds	-	20,036
<b>Total liabilities</b>	<b>-</b>	<b>211,395</b>
<b>Net position held in trust for pension benefits</b>	<b>\$ 3,088,428</b>	<b>\$ -</b>

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

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u><b>Pension Trust Funds</b></u>
<b>Additions:</b>	
Employer contributions	\$ 207,466
Investment earnings (losses)	<u>(4,072)</u>
<b>Total additions</b>	<u>203,394</u>
<b>Deductions:</b>	
Distributions	<u>57,958</u>
<b>Total deductions</b>	<u>57,958</u>
<b>Change in net position</b>	145,436
<b>Net position, beginning of year</b>	<u>2,942,992</u>
<b>Net position, end of year</b>	<u><u>\$ 3,088,428</u></u>

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

# TOWN OF NORTH STONINGTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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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 as component units of the Town.

### **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 Projects 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, 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 **Capital Projects Fund** is used to account for proceeds of bond anticipation notes and general obligation notes used for authorized projects such as acquisition and construction of capital facilities or major repair activities.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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The **Emergency Services Center Fund** is used to account for proceeds of bond anticipation notes used for the authorized Emergency Services Center major project.

Additionally, the Town reports the following funds:

The **Pension Trust Funds** account for activities of the Town's defined contribution 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 Connecticut State Statutes, 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 15 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, 2016, the Town has established an allowance for uncollectible taxes and interest of \$350,000.

### **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., 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.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the 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	5- 20	10,000
Equipment and furniture	5- 20	2,000
Electronic equipment	4	2,000
Infrastructure:		
Bridges	75	50,000
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.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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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 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 expensed as incurred.

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 represents external restrictions imposed by creditors, grantors, contributors, 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.



**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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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 – Amounts intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a finance committee), or by an official to whom that authority has been given. This is the residual fund balance classification for all governmental funds except the General Fund. Assigned fund balances should not be reported in the General Fund if doing so causes the government to report a negative unassigned General Fund balance.

Unassigned – This is the residual classification for the General Fund (i.e., everything that is not in another classification or in another fund). The General Fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

## **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 teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement No. 68 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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- 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 Beginning</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Uses</u>	<u>Fund Balance Ending</u>
GAAP basis	\$ 2,175,010	\$ 19,825,306	\$ (19,158,525)	\$ (727,809)	\$ 2,113,982
Encumbrances:					
June 30, 2015	(367,762)	-	367,762	-	-
June 30, 2016	-	-	(199,992)	-	(199,992)
Reclassifications	-	22,859	(750,668)	727,809	-
Teachers' retirement system on behalf payments	<u>-</u>	<u>(1,311,584)</u>	<u>1,311,584</u>	<u>-</u>	<u>-</u>
Budgetary basis	<u>\$ 1,807,248</u>	<u>\$ 18,536,581</u>	<u>\$ (18,429,839)</u>	<u>\$ -</u>	<u>\$ 1,913,990</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.

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 Connecticut 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.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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**Special Revenue Funds**

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various Special Revenue Funds, which are utilized to account for specific grant programs, are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants.

**Capital Project Funds**

Legal authorization for expenditures of the Capital Project Funds is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

**Note 3 – Deposits and Investments**

**Cash and Cash Equivalents**

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

Governmental funds	\$ 5,131,841
Agency funds	<u>211,395</u>
Total cash and cash equivalents	<u>\$ 5,343,236</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	\$ 463,532
Uninsured and collateralized	1,034,399
Uninsured and uncollateralized	<u>4,229,720</u>
Total Deposits	<u>\$ 5,727,651</u>

**Investments**

As of June 30, 2016, the Town's investments consisted of the following:

	Agency Funds
Equity mutual funds	<u>\$ 2,987,286</u>

As of June 30, 2016, the range of maturities of the investments was as follows:

<u>Types of Investment</u>	<u>Fair Value</u>	<u>Not Applicable</u>
Equity mutual funds	<u>\$ 2,987,286</u>	<u>\$ 2,987,286</u>
	<u>\$ 2,987,286</u>	<u>\$ 2,987,286</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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**Fair Value Measurements**

The Town utilizes the market approach as the valuation technique to measure fair value of its financial assets. GAAP establishes a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity (“observable inputs”) and the reporting entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (“unobservable inputs”) and requires that the most observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuation based on unadjusted quoted prices in active markets for identical assets the Town has the ability to access. Since valuations are based on quoted prices readily and regularly available in an active market, valuation of these assets does not entail significant judgment.
- Level 2 - Valuation based on quoted prices for similar assets in active markets; quoted prices for similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect the Town’s own assumptions about assumptions that market participants might use.

The Town’s investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2016.

**Note 4 – Operating Lease**

The Town is the lessor in several non-cancelable operating leases of Town owned property. The lease terms vary and are paid in monthly installments. Minimum future rental payments to be received are as follows:

<u>Year Ending</u>	<u>Future Rental Payments</u>
2017	\$ 29,001
2018	23,985
2019	24,693
2020	25,413
2021	<u>250</u>
Total	<u>\$ 103,342</u>

**Note 5 – Capital Assets**

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

General government	\$ 62,892
Public works	124,052
Public safety	71,817
Education	<u>203,988</u>
Total depreciation expense	<u>\$ 462,749</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

Capital asset activity for the year was as follows:

	Balance at July 1, 2015	Increases	Decreases	Balance at June 30, 2016
Capital assets not being depreciated:				
Construction in process	\$ -	\$ 299,066	\$ -	\$ 299,066
Land	953,240	-	-	953,240
	<u>953,240</u>	<u>299,066</u>	<u>-</u>	<u>1,252,306</u>
Capital assets being depreciated:				
Buildings and improvement	13,042,449	12,321	-	13,054,770
Furniture and equipment	6,064,207	140,835	(13,500)	6,191,542
Infrastructure	<u>3,185,995</u>	<u>-</u>	<u>-</u>	<u>3,185,995</u>
	<u>22,292,651</u>	<u>153,156</u>	<u>(13,500)</u>	<u>22,432,307</u>
Accumulated depreciation	<u>(11,592,921)</u>	<u>(462,749)</u>	<u>13,500</u>	<u>(12,042,170)</u>
Capital assets, net	<u>\$ 11,652,970</u>	<u>\$ (10,527)</u>	<u>\$ -</u>	<u>\$ 11,642,443</u>

**Note 6 – Interfund Receivables, Payables, and 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 Capital Projects Fund were made to finance several projects.

	Transfers in:		
	General Fund	Capital Nonrecurring Fund	Capital Projects Fund
Transfers out:			
General Fund	\$ -	\$ 135,000	\$ 615,668
Capital Projects Fund	<u>22,839</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,839</u>	<u>\$ 135,000</u>	<u>\$ 615,668</u>
			<u>\$ 773,507</u>

As of June 30, 2016, interfund receivables and payables were as follows:

	Due From: General Fund
Due To:	
School Lunch Fund	\$ 6,709
Capital Nonrecurring Fund	1,543
Capital Projects Fund	1,078,933
Education Grant Fund	<u>8,376</u>
	<u>\$ 1,095,561</u>

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

**Note 7 – Bond Anticipation 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.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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Short-term obligation activity for the year ended June 30, 2016, was as follows:

	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>
Capital Projects	<u>\$ 1,200,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,200,000</u>	<u>\$ 2,000,000</u>

At June 30, 2016, there was a bond anticipation note of \$2,000,000 outstanding with a maturity date of July 16, 2016, bearing an interest rate of 1.0%.

**Note 8 – Long-Term Obligations**

**Changes In Long-Term Obligations**

Long-term obligation activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation serial note	\$ 600,000	\$ -	\$ 300,000	\$ 300,000	\$ 300,000
Compensated absences	117,839	7,307	-	125,146	-
Post-closure landfill costs	60,000	-	6,000	54,000	6,000
Net OPEB obligation	<u>1,182,896</u>	<u>294,663</u>	<u>137,712</u>	<u>1,339,847</u>	<u>137,712</u>
	<u>\$ 1,960,735</u>	<u>\$ 301,970</u>	<u>\$ 443,712</u>	<u>\$ 1,818,993</u>	<u>\$ 443,712</u>

**General Obligation Serial Note**

The general obligation serial note currently outstanding is as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Matures in Year Ending</u>	<u>Interest Rate</u>	<u>June 30, 2016 Amount</u>
Transportation/Public Safety/Sewage	\$ 902,500	2017	1.49%	\$ 300,000

Annual debt service requirements to maturity is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2017	<u>\$ 300,000</u>	<u>\$ 4,470</u>
	<u>\$ 300,000</u>	<u>\$ 4,470</u>

**Authorized and Unissued Debt**

At June 30, 2016, there was \$5,950,000 authorized and unissued bonds for the Emergency Services Center and School Modernization Project.

**Statutory Debt Limitation**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2016.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (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 30 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>
Sewer study (STEAP grant)	\$ 147,030
Water study (STEAP grant)	36,895
Village water line (STEAP grant)	243,243
Town Clerk document restoration	2,846
LOCIP capital improvements	23,316
Scholarships	<u>41,056</u>
	<u>\$ 494,386</u>

**Fund Balances**

As of June 30, 2016, governmental fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Nonrecurring</u>	<u>Capital Projects Fund</u>	<u>Emergency Services Center</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Prepaid expenses	\$ 2,429	\$ -	\$ -	\$ -	\$ -	\$ 2,429
Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,378</u>	<u>3,378</u>
	<u>2,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,378</u>	<u>5,807</u>
Restricted:						
Capital projects	-	26,162	427,168	-	-	453,330
Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,056</u>	<u>41,056</u>
	<u>-</u>	<u>26,162</u>	<u>427,168</u>	<u>-</u>	<u>41,056</u>	<u>494,386</u>
Committed:						
Capital projects	-	147,050	651,765	-	-	798,815
Inland Wetland mitigation	-	-	-	-	13,248	13,248
Open space	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,788</u>	<u>6,788</u>
	<u>-</u>	<u>147,050</u>	<u>651,765</u>	<u>-</u>	<u>20,036</u>	<u>818,851</u>
Assigned:						
General government	4,721	-	-	-	-	4,721
Public safety	13,678	-	-	-	-	13,678
Public works	151,771	-	-	-	-	151,771
Education	<u>29,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,168</u>	<u>65,990</u>
	<u>199,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,168</u>	<u>236,160</u>
Unassigned	<u>1,911,561</u>	<u>-</u>	<u>-</u>	<u>(1,033,521)</u>	<u>(5,582)</u>	<u>872,458</u>
	<u>\$ 2,113,982</u>	<u>\$ 173,212</u>	<u>\$ 1,078,933</u>	<u>\$ (1,033,521)</u>	<u>\$ 95,056</u>	<u>\$ 2,427,662</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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**Note 10 – Deficit Fund Balances**

The Emergency Services Center and Education Grants funds have deficit fund balances of \$1,033,521 and \$5,582, respectively, and are expected to be funded by the General Fund, issuance of debt, and intergovernmental grants.

**Note 11 – 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**

At June 30, 2016, there were 13 participants in the Board of Education defined contribution plans below, which are administered as one plan by National Retirement Services, Inc.

**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, 2016, the Town contributed \$25,424 to the plan.

**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, 2016, the Town contributed \$60,140 to the plan.

**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, 2016, the Town contributed \$121,762 to the plan all of which is allocated to the participants' individual retirement. The plan is administered by the Town. There were 22 participants in the plan.



## **Connecticut Teachers' Retirement System**

### Description of System

Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System 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 System 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 System (TIAA-CREF).

### Summary of Significant Accounting Policies

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about the System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Benefits Provided

The benefits provided to participants by the System are as follows:

**Normal Benefit:** A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut, is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

**Prorated Benefit:** A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

**Minimum Benefit:** Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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Contribution Requirements

The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

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 2015/2016 school year, \$445,582 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town is \$6,145,952. The Town had 91 active participants in the System at June 30, 2016.

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries. The Scale AA projection to 2019 of the RP-2000 mortality rates with two-year setbacks continues to provide a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience. The post-retirement mortality rates are multiplied by 75% for death in active service. The post-retirement mortality rates are set forward ten years for the period after disability retirement.

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Mutual Equity	21.0%	7.3%
Developed Markets ISF	18.0%	7.5%
Emerging Markets ISF	9.0%	8.6%
Core Fixed Income	7.0%	1.7%
Emerging Market Debt	5.0%	4.8%
High Yield	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.3%
Liquidity Fund	6.0%	0.4%
Real Estate	7.0%	5.9%
Private Investments	11.0%	10.9%
Alternative Investments	6.0%	0.7%

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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Discount Rate

The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 8.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate.

	1% Decrease <u>(7.50%)</u>	Current Discount Rate <u>(8.50%)</u>	1% Increase <u>(9.50%)</u>
Sensitivity of the system's proportionate share of the net pension liability related to the Town	\$ 20,642,832	\$ 16,369,155	\$ 12,736,498

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources

The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$16,369,155 and 100% of the collective net pension liability is allocated to the State.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based. The total pension liability is determined as of June 30, 2015 using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return for the year. The procedure was used to determine the System's total pension liability as of June 30, 2015, which is the measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2016, the Town recognized \$1,311,584 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

**Note 12 – 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 13 – 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.

**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 14 – 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	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.
	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.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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Medical and Dental Benefits:	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.
Life Insurance:	Administrators receive \$50,000 from retirement until age 65 paid for by the Town.

**Actuarial Assumptions and Methods**

Latest Actuarial Date	July 1, 2014
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 10 years and gender and age thereafter. All others – rates based on age.
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.

**Plan Participants**

The plan had the following number of participants as of July 1, 2016:

Active	132
Retirees	5
Dependents	<u>1</u>
Total	<u>138</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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**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
2016	\$ 283,920	\$ 137,712	48.50%
2015	283,920	126,842	44.69%
2014	232,007	88,193	38.01%
2013	232,007	69,425	29.92%
2012	149,030	189,390	127.08%
2011	421,030	155,575	36.95%

**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	\$ 179,547
Normal Cost	93,453
Interest	<u>10,920</u>
Annual Required Contribution (ARC)	<u>\$ 283,920</u>

**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)	\$ 283,920
Interest on net OPEB obligation	47,316
Adjustment to annual required contribution	<u>(36,573)</u>
Annual OPEB cost (AOC)	294,663
Contributions made	<u>(137,712)</u>
Increase in net OPEB obligation	156,951
Net OPEB obligation, beginning of year	<u>1,182,896</u>
Net OPEB obligation, end of year	<u>\$ 1,339,847</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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**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>
6/30/16	\$ 294,663	\$ 137,712	46.7%	\$ 1,339,847
6/30/15	293,152	126,842	43.3%	1,182,896
6/30/14	238,667	88,193	37.0%	1,016,586

**Funded Status and Funding Progress:** The funded status of the plan as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit Cost Method (b)</u>	<u>(Unfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
\$ -	\$ 5,779,313	\$ 5,779,313	0.0%	\$ 7,626,130	75.8%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

**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 15 – Recently Issued Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB Statement No. 75, which will most likely have a material impact, though the amount has not yet been determined:

**GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2016 (continued)**

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- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
- Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

GASB Statement No. 75 carries forward from GASB Statement No. 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

**GASB Statement No. 77, Tax Abatement Disclosures.** Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

**GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.** This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.



**GASB Statement No. 79, Certain External Investment Pools and Pool Participants.** This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The portfolio quality and monthly shadow pricing requirements of this Statement are effective for periods beginning after December 15, 2015. Earlier application is encouraged.

**GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14.** The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of GASB Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

**GASB Statement No. 81, Irrevocable Split-Interest Agreements.** This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

**GASB Statement No. 82, Pension Issues—An Amendment of GASB Statements No. 67, No. 68, and No. 73.** The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

#### **Note 16 – Subsequent Events**

During the current year, the Town issued a new bond anticipation note (BAN) in the amount of \$2,000,000. Subsequent to year end, the new BANS were paid off through the issuance of \$7,146,000 of BANS. The additional proceeds will be used for the Emergency Services Center and the School Modernization Project.

**REQUIRED SUPPLEMENTARY  
INFORMATION  
(UNAUDITED)**

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>16,369,155</u>	<u>15,130,003</u>
Total	<u>\$ 16,369,155</u>	<u>\$ 15,130,003</u>
Town's covered-employee payroll	<u>\$ 6,145,952</u>	<u>\$ 5,900,786</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>59.50%</u>	<u>61.51%</u>

**Notes to Connecticut State Teachers' Retirement System**

Changes of Assumptions

In 2011, rates of withdrawal, retirement, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.

Method and Assumptions used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	22.4 years
Asset valuation method	4-year smoothed market
Inflation	3.00 percent
Salary increase	3.75-7.00 percent, including inflation
Investment rate of return	8.50 percent, net of investment related expense

See accompanying Independent Auditors' Report.

**SUPPLEMENTAL  
STATEMENTS AND SCHEDULES**

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<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>Property taxes, interest and lien fees:</b>					
General property taxes - current	\$ 13,431,491	\$ -	\$ 13,431,491	\$ 13,399,907	\$ (31,584)
General property taxes - past	150,000	-	150,000	93,753	(56,247)
Supplemental motor vehicles	85,000	-	85,000	124,123	39,123
Interest and lien fees	85,000	-	85,000	98,547	13,547
	<b>13,751,491</b>	<b>-</b>	<b>13,751,491</b>	<b>13,716,330</b>	<b>(35,161)</b>
<b>Interest and investment earnings</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>	<b>2,416</b>	<b>416</b>
<b>Intergovernmental:</b>					
Education cost sharing	2,906,538	-	2,906,538	2,899,696	(6,842)
Casino revenue	896,887	-	896,887	893,244	(3,643)
State aid for town road	239,744	-	239,744	240,033	289
Local and vocational transportation	59,365	-	59,365	50,114	(9,251)
Local capital improvement program	47,925	-	47,925	49,000	1,075
Police reimbursement	50,000	-	50,000	56,159	6,159
Telecommunications revenue share	30,000	-	30,000	15,344	(14,656)
PILOT program reimbursement	22,214	-	22,214	-	(22,214)
Elderly exemption reimbursement	40,400	-	40,400	39,748	(652)
Magnet school transportation	19,500	-	19,500	-	(19,500)
Regional adult education	7,623	-	7,623	7,797	174
Veterans exemption reimbursement	6,000	-	6,000	5,899	(101)
Records preservation	5,000	-	5,000	3,000	(2,000)
Non-public nurse reimbursement	4,545	-	4,545	3,547	(998)
Disabled exemption reimbursement	500	-	500	615	115
Tuition reimbursement	28,856	-	28,856	33,841	4,985
STEAP	245,000	-	245,000	-	(245,000)
FEMA storm reimbursement	-	-	-	86,588	86,588
Boombridge road	-	-	-	2,771	2,771
	<b>4,610,097</b>	<b>-</b>	<b>4,610,097</b>	<b>4,387,396</b>	<b>(222,701)</b>
<b>Licenses, fees, fines and charges:</b>					
Licenses, permits, conveyance taxes	75,000	-	75,000	99,497	24,497
Recreation Commission	48,000	-	48,000	37,670	(10,330)
Building official	30,000	-	30,000	59,152	29,152
Town Clerk LOCIP	1	-	1	(27)	(28)
Town Clerk restoration fees	1,000	-	1,000	(9)	(1,009)
Sanitation	700	-	700	144	(556)
	<b>154,701</b>	<b>-</b>	<b>154,701</b>	<b>196,427</b>	<b>41,726</b>

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<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>Other:</b>					
Contractor's tipping fees	\$ 93,000	\$ -	\$ 93,000	\$ 119,148	\$ 26,148
Transfer stickers	-	-	-	89	89
Rent Town Property	37,600	-	37,600	39,322	1,722
Sale of town vehicles	1	-	1	3,600	3,599
Sanitary landfill - sale of recyclables	20,000	-	20,000	8,771	(11,229)
SCRRRA subsidy	10,750	-	10,750	11,079	329
Miscellaneous	20,000	-	20,000	18,779	(1,221)
Zoning Enforcement Officer	2,500	-	2,500	2,589	89
Town engineering - road inspection	1	-	1	-	(1)
Planning and Zoning	500	-	500	1,752	1,252
Inland Wetlands	500	-	500	797	297
Assessor's Office	500	-	500	452	(48)
GIS services	50	-	50	-	(50)
Conservation Commission	1	-	1	-	(1)
Canine account	50	-	50	1,811	1,761
Fire Marshall	1	-	1	350	349
Sale of fixed assets	1	-	1	500	499
Transfer in deobligated capital projects	1	-	1	22,859	22,858
CIRMA credits	7,501	-	7,501	2,114	(5,387)
	<b>192,957</b>	<b>-</b>	<b>192,957</b>	<b>234,012</b>	<b>41,055</b>
<b>Total revenues</b>	<b>\$ 18,711,246</b>	<b>\$ -</b>	<b>\$ 18,711,246</b>	<b>\$ 18,536,581</b>	<b>\$ (174,665)</b>

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>General Government:</b>					
Salaries:					
First Selectman	\$ 61,200	\$ -	\$ 61,200	\$ 61,906	\$ (706)
Second Selectman	2,550	-	2,550	2,550	-
Third Selectman	2,550	-	2,550	2,550	-
Secretary	54,542	-	54,542	55,021	(479)
Bookkeeper	47,091	-	47,091	47,453	(362)
Boards of Commissions clerical	250	-	250	-	250
Selectmen's expenditures	2,500	-	2,500	2,425	75
Office expenditures	2,000	-	2,000	545	1,455
Council of Small Towns	825	-	825	825	-
Certifications/seminars	250	-	250	450	(200)
SE CT Council of Governments	2,913	-	2,913	2,913	-
Town beautification program	1	-	1	-	1
	<u>176,672</u>	<u>-</u>	<u>176,672</u>	<u>176,638</u>	<u>34</u>
<b>Probate Court</b>	<u>1,794</u>	<u>-</u>	<u>1,794</u>	<u>1,794</u>	<u>-</u>
<b>Board of Finance:</b>					
Operating expenditures	500	-	500	325	175
Auditing	15,000	-	15,000	15,450	(450)
Town Report	1	-	1	-	1
	<u>15,501</u>	<u>-</u>	<u>15,501</u>	<u>15,775</u>	<u>(274)</u>
<b>Assessor's Office:</b>					
Salaries:					
Assessor	66,558	-	66,558	67,070	(512)
Assessor assistant	45,573	-	45,573	45,923	(350)
Office expenditures	2,500	-	2,500	2,128	372
Seminars	300	-	300	-	300
Computer	10,675	-	10,675	10,470	205
Travel expenditures	300	-	300	-	300
	<u>125,906</u>	<u>-</u>	<u>125,906</u>	<u>125,591</u>	<u>315</u>
<b>Board of Tax Review</b>	<u>2,600</u>	<u>-</u>	<u>2,600</u>	<u>1,452</u>	<u>1,148</u>
<b>Tax Collector:</b>					
Salaries:					
Tax Collector	34,272	-	34,272	34,536	(264)
Clerical	5,217	(5,000)	217	-	217
Office expenditures	9,000	-	9,000	8,113	887
Computer	8,800	-	8,800	8,603	197
Travel expenditures	150	-	150	926	(776)
	<u>57,439</u>	<u>(5,000)</u>	<u>52,439</u>	<u>52,178</u>	<u>261</u>
<b>Town Treasurer:</b>					
Salary	<u>6,825</u>	<u>-</u>	<u>6,825</u>	<u>6,878</u>	<u>(53)</u>
	<u>6,825</u>	<u>-</u>	<u>6,825</u>	<u>6,878</u>	<u>(53)</u>
<b>Town Attorney</b>	<u>60,000</u>	<u>20,000</u>	<u>80,000</u>	<u>79,110</u>	<u>890</u>
<b>Annexation Related:</b>					
Annexation related	2,000	-	2,000	2,000	-
Tribal recognition	45,000	12,000	57,000	56,825	175
	<u>47,000</u>	<u>12,000</u>	<u>59,000</u>	<u>58,825</u>	<u>175</u>

See accompanying Independent Auditors' Report.

## TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Town Clerk:</b>					
Salaries:					
Town Clerk	\$ 45,501	\$ -	\$ 45,501	\$ 45,851	\$ (350)
Assistant	16,650	(2,500)	14,150	13,848	302
Office expenditures	3,500	-	3,500	3,137	363
Records restoration grant	-	-	-	3,000	(3,000)
Land records	8,687	-	8,687	9,198	(511)
	<u>74,338</u>	<u>(2,500)</u>	<u>71,838</u>	<u>75,034</u>	<u>(3,196)</u>
<b>Planning and Zoning Commission:</b>					
Salaries:					
Zoning Officer	56,859	-	56,859	57,296	(437)
Assistant	39,686	-	39,686	37,860	1,826
Operating expenditures	7,530	-	7,530	4,913	2,617
Travel expenditures	1,500	-	1,500	1,196	304
Attorney	20,000	-	20,000	9,641	10,359
Contracted consulting services	2,000	-	2,000	385	1,615
Contracted planner	15,000	(10,000)	5,000	-	5,000
	<u>142,575</u>	<u>(10,000)</u>	<u>132,575</u>	<u>111,291</u>	<u>21,284</u>
<b>Building Department:</b>					
Salaries:					
Building Official	30,415	-	30,415	30,766	(351)
Operating expenditures	500	-	500	373	127
Travel expenditures	750	-	750	-	750
	<u>31,665</u>	<u>-</u>	<u>31,665</u>	<u>31,139</u>	<u>526</u>
<b>Zoning Board of Appeals</b>	<u>1,750</u>	<u>-</u>	<u>1,750</u>	<u>555</u>	<u>1,195</u>
<b>School Building and Planning Committee:</b>					
Permanent School Building Committee	100	-	100	-	100
Ad Hoc School Building Committee	25,000	-	25,000	22,799	2,201
	<u>25,100</u>	<u>-</u>	<u>25,100</u>	<u>22,799</u>	<u>2,301</u>
<b>Economic Development Commission:</b>					
Operating expenditures	8,125	-	8,125	4,499	3,626
CT Regional Economic Development	1,852	-	1,852	2,154	(302)
Consulting	31,795	-	31,795	24,450	7,345
	<u>41,772</u>	<u>-</u>	<u>41,772</u>	<u>31,103</u>	<u>10,669</u>
<b>Recreation Commission:</b>					
Salaries:					
Administrative	23,418	-	23,418	23,868	(450)
Camp Directors, etc.	11,544	-	11,544	11,210	334
Program expenditures	44,642	-	44,642	49,564	(4,922)
Maintenance	3,450	-	3,450	727	2,723
Administrative expenditures	10,865	-	10,865	13,371	(2,506)
	<u>93,919</u>	<u>-</u>	<u>93,919</u>	<u>98,740</u>	<u>(4,821)</u>
<b>Inland Wetlands Commission:</b>					
Operating expenditures	1,500	-	1,500	761	739
Wages - Enforcement Officer	7,027	-	7,027	7,027	-
	<u>8,527</u>	<u>-</u>	<u>8,527</u>	<u>7,788</u>	<u>739</u>
<b>Conservation Commission</b>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>1,906</u>	<u>94</u>

See accompanying Independent Auditors' Report.



**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
<b>Water Pollution Control Authority:</b>					
WPCA expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
WPCA engineering expenditures	-	-	-	-	-
WPCA auditing	-	-	-	-	-
	-	-	-	-	-
<b>Fixed Charges:</b>					
Town insurance	65,000	-	65,000	65,139	(139)
Volunteer fire co. insurance	25,000	-	25,000	23,520	1,480
Ambulance association insurance	11,160	-	11,160	10,636	524
Workers compensation insurance	18,350	-	18,350	17,620	730
Social security	125,200	(4,500)	120,700	111,372	9,328
Medical insurance	354,898	-	354,898	337,893	17,005
Employee benefits - pension	115,726	-	115,726	110,586	5,140
Volunteer incentive award - fire	33,000	-	33,000	30,491	2,509
Volunteer activity stipend - fire	48,000	-	48,000	48,000	-
Volunteer incentive ambulance	7,500	-	7,500	6,630	870
	803,834	(4,500)	799,334	761,887	37,447
<b>Elections and Town Meetings:</b>					
Salaries:					
Registrar of Voters	5,134	-	5,134	5,134	-
Registrar of Voters	5,134	-	5,134	5,134	-
Expenses	25,000	-	25,000	18,879	6,121
	35,268	-	35,268	29,147	6,121
<b>Town Hall:</b>					
Expenditures	48,975	-	48,975	47,002	1,973
Leasing equipment	10,000	-	10,000	8,734	1,266
Holly Green rental - nursing	7,000	-	7,000	7,051	(51)
Quarterly newsletter	-	3,300	3,300	3,372	(72)
	65,975	3,300	69,275	66,159	3,116
<b>Social Services/Welfare:</b>					
Social Services expenses	7,825	-	7,825	7,328	497
New London Hospitality Center	500	-	500	-	500
Pawcatuck Neighborhood Center	19,500	-	19,500	19,500	-
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	1,575	-	1,575	1,575	-
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	39,403	997
<b>Selectmen's Engineering Service:</b>					
Engineering for selectmen	2,500	-	2,500	5,566	(3,066)
Inspection of existing roads	2,500	-	2,500	-	2,500
	5,000	-	5,000	5,566	(566)

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Information Technology:</b>					
Coordinator	\$ 38,792	\$ (10,000)	\$ 28,792	\$ 26,593	\$ 2,199
Office expense	300	-	300	90	210
On-line GIS maps	12,000	-	12,000	8,575	3,425
Computer maintenance	13,725	-	13,725	16,020	(2,295)
	64,817	(10,000)	54,817	51,278	3,539
<b>Public Safety:</b>					
911 dispatching	52,819	-	52,819	52,819	-
Volunteer fire company	123,988	-	123,988	123,988	-
Fire Marshal	12,118	-	12,118	12,118	-
Fire Marshal operating expenditures	2,000	-	2,000	1,660	340
State troopers	460,468	44,100	504,568	488,742	15,826
Civil preparedness agency stipend	6,242	-	6,242	6,242	-
Civil preparedness expenditures	3,000	-	3,000	2,303	697
Emergency generator service contract	1,800	-	1,800	1,386	414
Animal control salary	20,685	-	20,685	21,108	(423)
Animal control assistant salary	1,000	-	1,000	-	1,000
Animal control operating expenditures	9,550	-	9,550	5,801	3,749
Dog damages	1	-	1	-	1
Ambulance association	265,000	-	265,000	265,000	-
	958,671	44,100	1,002,771	981,167	21,604
<b>Public Works:</b>					
<b>Highway:</b>					
Local capital improvements	49,000	-	49,000	-	49,000
State aided - town roads	239,744	-	239,744	239,716	28
Town road maintenance	200,000	-	200,000	200,180	(180)
Town garage expenditures	23,000	-	23,000	21,354	1,646
Machinery and maintenance repairs	65,000	-	65,000	72,745	(7,745)
Street lights	10,000	-	10,000	9,930	70
Highway foreman	82,766	-	82,766	85,305	(2,539)
Labor	550,117	-	550,117	528,991	21,126
Supplies	36,000	-	36,000	35,951	49
Diesel and gas	65,000	-	65,000	51,952	13,048
Town property - maintenance	7,750	-	7,750	7,674	76
Town property - labor	12,750	-	12,750	12,750	-
Tree warden	1,500	-	1,500	1,500	-
Hewitt farm property	5,000	-	5,000	3,280	1,720
Tree maintenance	25,000	-	25,000	23,822	1,178
Contracted services	19,527	-	19,527	20,450	(923)
	1,392,154	-	1,392,154	1,315,600	76,554
<b>Sanitary Landfill:</b>					
Labor	174,648	-	174,648	174,824	(176)
State mandated surveys	3,200	-	3,200	2,900	300
State license fees	2,300	-	2,300	3,075	(775)
SCRRA - tipping fees	155,000	-	155,000	177,422	(22,422)
SCRRA - membership fee	500	-	500	-	500
Hazardous waste collection	1,500	-	1,500	-	1,500
Water sampling /lab testing	17,250	-	17,250	13,900	3,350
Transfer station expenditures	11,751	-	11,751	10,033	1,718
Contractual services	16,500	-	16,500	15,513	987
	382,649	-	382,649	397,667	(15,018)
Total public works	1,774,803	-	1,774,803	1,713,267	61,536

See accompanying Independent Auditors' Report.

## TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Conservation of Health:</b>					
Public Health Nursing/VNA	\$ 2,278	\$ -	\$ 2,278	\$ 1,846	\$ 432
Hepatitis B vaccinations	-	-	-	-	-
Director of Health	6,495	-	6,495	6,495	-
Director of Health operating expenditures	500	-	500	53	447
Sanitarian food service wages	6,000	-	6,000	4,220	1,780
Sanitarian well and septic salary	15,765	-	15,765	15,449	316
Sanitarian operating expenditures	400	-	400	-	400
	<u>31,438</u>	<u>-</u>	<u>31,438</u>	<u>28,063</u>	<u>3,375</u>
<b>Senior Citizens:</b>					
Agent for the Elderly wages	12,123	-	12,123	12,216	(93)
Agent for the Elderly operating expenditures	1,200	-	1,200	100	1,100
Senior Citizens Center Coordinator	21,500	-	21,500	21,665	(165)
Senior Citizens Center - operating expenditures	25,000	-	25,000	25,659	(659)
	<u>59,823</u>	<u>-</u>	<u>59,823</u>	<u>59,640</u>	<u>183</u>
<b>Miscellaneous:</b>					
Cemeteries	5,000	-	5,000	3,205	1,795
Tax refunds	1	-	1	1,656	(1,655)
Annual memberships and dues	3,800	-	3,800	3,320	480
Magnet school transportation	19,500	-	19,500	-	19,500
Wheeler Library	26,000	-	26,000	26,000	-
Affordable housing committee	1,000	-	1,000	355	645
Miscellaneous	750	-	750	167	583
	<u>56,051</u>	<u>-</u>	<u>56,051</u>	<u>34,703</u>	<u>21,348</u>
<b>Total general government expenditures</b>	<b>4,811,463</b>	<b>47,400</b>	<b>4,858,863</b>	<b>4,668,876</b>	<b>189,987</b>
<b>Redemption of Debt:</b>					
BAN Interest	8,942	-	8,942	9,089	(147)
Engine refurbishment	37,500	-	37,500	37,500	-
Stonewalls	93,000	-	93,000	93,000	-
Sewer study	53,500	-	53,500	53,500	-
Hewitt dam repairs	116,000	-	116,000	116,000	-
	<u>308,942</u>	<u>-</u>	<u>308,942</u>	<u>309,089</u>	<u>(147)</u>
<b>Education</b>	<b>12,759,102</b>	<b>-</b>	<b>12,759,102</b>	<b>12,701,206</b>	<b>57,896</b>
<b>Capital Outlay:</b>					
<b>Public Works:</b>					
Miscellaneous equipment	5,000	-	5,000	5,000	-
Sweeper	38,973	-	38,973	38,973	-
Dump truck refurbish	10,000	-	10,000	10,000	-
	<u>53,973</u>	<u>-</u>	<u>53,973</u>	<u>53,973</u>	<u>-</u>
<b>Transfer Station/Bulk Waste Area</b>	<b>12,500</b>	<b>-</b>	<b>12,500</b>	<b>12,500</b>	<b>-</b>

See accompanying Independent Auditors' Report.

## TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Capital Outlay (Continued):</b>					
<b>Selectmen:</b>					
Ambulance equipment	\$ 29,500	\$ -	\$ 29,500	\$ 29,500	\$ -
Computer - Town Hall	13,500	-	13,500	13,500	-
Recreation lighting conversion	25,000	-	25,000	25,000	-
Recreation pavilion & fields	2,500	-	2,500	2,500	-
Open space acquisition	10,000	-	10,000	10,000	-
Selectmen's office equipment and furniture	1,500	-	1,500	1,500	-
Town buildings maintenance	30,000	-	30,000	30,000	-
Town clerk - records preservation	5,000	-	5,000	5,000	-
Fire company - equipment/hose	4,500	-	4,500	4,500	-
Fire company - training	1,000	-	1,000	1,000	-
Fire company - turnout gear	16,000	-	16,000	16,000	-
Fire company - meter replacement	5,865	-	5,865	5,865	-
Fire company - rescue gear	3,000	-	3,000	3,000	-
Civil preparedness	1,000	-	1,000	1,000	-
NSAA ambulance	213,900	-	213,900	213,900	-
Wheeler Library repair	50,000	-	50,000	50,000	-
Boombridge	-	139,330	139,330	139,330	-
Fire company - scuba	7,600	-	7,600	7,600	-
	<u>419,865</u>	<u>139,330</u>	<u>559,195</u>	<u>559,195</u>	<u>-</u>
<b>Assessor Revaluation Expense</b>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</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>Other Capital</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total capital outlay</b>	<u>611,338</u>	<u>139,330</u>	<u>750,668</u>	<u>750,668</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 18,490,845</u>	<u>\$ 186,730</u>	<u>\$ 18,677,575</u>	<u>\$ 18,429,839</u>	<u>\$ 247,736</u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2016

	School Lunch Fund	Education Grants	Inland Wetland Mitigation	Open Space	Scholarships Held by School	Housing Rehab Program	Total
<b><u>Assets</u></b>							
Cash and cash equivalents	\$ 30,448	\$ -	\$ -	\$ -	\$ 41,056	\$ 487	\$ 71,991
Receivables	8,635	-	-	-	-	-	8,635
Inventory	3,378	-	-	-	-	-	3,378
Due from other funds	6,709	8,376	13,248	6,788	-	-	35,121
<b>Total assets</b>	<b>\$ 49,170</b>	<b>\$ 8,376</b>	<b>\$ 13,248</b>	<b>\$ 6,788</b>	<b>\$ 41,056</b>	<b>\$ 487</b>	<b>\$ 119,125</b>
<b><u>Liabilities and Fund Balances (Deficits)</u></b>							
<b>Liabilities:</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	9,624	-	-	-	-	-	9,624
Deferred grant revenue	-	13,958	-	-	-	487	14,445
<b>Total liabilities</b>	<b>9,624</b>	<b>13,958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>487</b>	<b>24,069</b>
<b>Fund Balances (Deficits):</b>							
Nonspendable	3,378	-	-	-	-	-	3,378
Restricted	-	-	-	-	41,056	-	41,056
Committed	-	-	13,248	6,788	-	-	20,036
Assigned	36,168	-	-	-	-	-	36,168
Unassigned	-	(5,582)	-	-	-	-	(5,582)
<b>Total fund balances (deficits)</b>	<b>39,546</b>	<b>(5,582)</b>	<b>13,248</b>	<b>6,788</b>	<b>41,056</b>	<b>-</b>	<b>95,056</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 49,170</b>	<b>\$ 8,376</b>	<b>\$ 13,248</b>	<b>\$ 6,788</b>	<b>\$ 41,056</b>	<b>\$ 487</b>	<b>\$ 119,125</b>

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	School Lunch Fund	Education Grants	Inland Wetland Mitigation	Open Space	Scholarships Held by School	Housing Rehab Program	Total
<b>Revenues:</b>							
Intergovernmental	\$ 94,922	\$ 274,466	\$ -	\$ -	\$ -	\$ 219,339	\$ 588,727
Local	183,042	-	6	3,203	4,600	-	190,851
<b>Total revenues</b>	<u>277,964</u>	<u>274,466</u>	<u>6</u>	<u>3,203</u>	<u>4,600</u>	<u>219,339</u>	<u>779,578</u>
<b>Expenditures:</b>							
Current:							
General government	-	-	-	-	-	219,339	219,339
Education	236,166	273,774	-	-	13,540	-	523,480
<b>Total expenditures</b>	<u>236,166</u>	<u>273,774</u>	<u>-</u>	<u>-</u>	<u>13,540</u>	<u>219,339</u>	<u>742,819</u>
<b>Excess of revenues over (under) expenditures</b>	<u>41,798</u>	<u>692</u>	<u>6</u>	<u>3,203</u>	<u>(8,940)</u>	<u>-</u>	<u>36,759</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in (out)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances (deficits)</b>	<u>41,798</u>	<u>692</u>	<u>6</u>	<u>3,203</u>	<u>(8,940)</u>	<u>-</u>	<u>36,759</u>
<b>Fund balances (deficits), beginning of year</b>	<u>(2,252)</u>	<u>(6,274)</u>	<u>13,242</u>	<u>3,585</u>	<u>49,996</u>	<u>-</u>	<u>58,297</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ 39,546</u>	<u>\$ (5,582)</u>	<u>\$ 13,248</u>	<u>\$ 6,788</u>	<u>\$ 41,056</u>	<u>\$ -</u>	<u>\$ 95,056</u>

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**FIDUCIARY FUNDS  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

	<u>General Government Retirement</u>	<u>Board of Education Retirement</u>	<u>Total</u>
<b><u>Assets</u></b>			
Investments	\$ 1,827,520	\$ 1,159,766	\$ 2,987,286
Other receivables	101,142	-	101,142
<b>Total assets</b>	<b><u>\$ 1,928,662</u></b>	<b><u>\$ 1,159,766</u></b>	<b><u>\$ 3,088,428</u></b>
<b><u>Fund Balances</u></b>			
<b>Fund Balances:</b>			
Held in trust for pension benefits and other purposes	<u>\$ 1,928,662</u>	<u>\$ 1,159,766</u>	<u>\$ 3,088,428</u>
<b>Total fund balances</b>	<b><u>\$ 1,928,662</u></b>	<b><u>\$ 1,159,766</u></b>	<b><u>\$ 3,088,428</u></b>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	General Government Retirement	Board of Education Retirement	Total
<b><u>Additions:</u></b>			
Employer contributions	\$ 121,762	\$ 85,704	\$ 207,466
Investment earnings (losses)	(12,003)	7,931	(4,072)
<b>Total additions</b>	<u>109,759</u>	<u>93,635</u>	<u>203,394</u>
<b><u>Deductions:</u></b>			
Distributions	<u>46,743</u>	<u>11,215</u>	<u>57,958</u>
<b>Total deductions</b>	<u>46,743</u>	<u>11,215</u>	<u>57,958</u>
<b>Net increase (decrease)</b>	63,016	82,420	145,436
<b>Fund balances, beginning of year</b>	<u>1,865,646</u>	<u>1,077,346</u>	<u>2,942,992</u>
<b>Fund balances, end of year</b>	<u><u>\$ 1,928,662</u></u>	<u><u>\$ 1,159,766</u></u>	<u><u>\$ 3,088,428</u></u>

See accompanying Independent Auditors' Report.



TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2016**

	Student Activity Fund	Performance Bonds	Total
<b><u>Assets</u></b>			
Beginning balance - cash	\$ 79,465	\$ 135,796	\$ 215,261
Additions	259,926	939	260,865
Deductions	264,731	-	264,731
<b>Ending balance - cash</b>	<b>74,660</b>	<b>136,735</b>	<b>211,395</b>
 <b>Total assets</b>	 <b>\$ 74,660</b>	 <b>\$ 136,735</b>	 <b>\$ 211,395</b>
 <b><u>Liabilities</u></b>			
Beginning balance - due to student groups	\$ 79,465	\$ -	\$ 79,465
Additions	259,926	-	259,926
Deductions	264,731	-	264,731
<b>Ending balance - due to student groups</b>	<b>74,660</b>	<b>-</b>	<b>74,660</b>
 Beginning balance - due to developers	 -	 135,796	 135,796
Additions	-	-	-
Deductions	-	19,097	19,097
<b>Ending balance - due to developers</b>	<b>-</b>	<b>116,699</b>	<b>116,699</b>
 Beginning balance - due to other funds	 -	 -	 -
Additions	-	20,036	20,036
Deductions	-	-	-
<b>Ending balance - due to other funds</b>	<b>-</b>	<b>20,036</b>	<b>20,036</b>
 <b>Total liabilities</b>	 <b>\$ 74,660</b>	 <b>\$ 136,735</b>	 <b>\$ 211,395</b>

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**CAPITAL NONRECURRING FUND  
SCHEDULE OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

	Beginning Balance	General Fund Budget	Additional Transfers	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
<b>Restricted fund balance</b>								
Town Clerk document restoration	\$ 2,071	\$ -	\$ -	\$ -	\$ 775	\$ 2,846	\$ -	\$ 2,846
LOCIP capital improvements	20,991	-	-	-	2,325	23,316	-	23,316
<b>Total restricted</b>	<u>23,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,100</u>	<u>26,162</u>	<u>-</u>	<u>26,162</u>
<b>Committed fund balance</b>								
Revaluation	59,913	50,000	-	-	-	109,913	44,375	65,538
Town equipment	9,863	5,000	-	-	-	14,863	4,565	10,298
Nonrecurring school funds	30	75,000	-	-	-	75,030	15,816	59,214
Town Clerk preservation	7,000	5,000	-	-	-	12,000	-	12,000
<b>Total committed</b>	<u>76,806</u>	<u>135,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,806</u>	<u>64,756</u>	<u>147,050</u>
<b>Total</b>	<u>\$ 99,868</u>	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,100</u>	<u>\$ 237,968</u>	<u>\$ 64,756</u>	<u>\$ 173,212</u>

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**CAPITAL PROJECTS FUND  
SCHEDULE OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

	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)	\$ 126,954	\$ -	\$ -	\$ -	\$ -	\$ 126,954	\$ 90,059	\$ 36,895
Sewer study (STEAP)	159,310	-	-	-	-	159,310	12,280	147,030
Village water line (STEAP)	245,400	-	-	-	-	245,400	2,157	243,243
<b>Total restricted</b>	<u>531,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>531,664</u>	<u>104,496</u>	<u>427,168</u>
<b>Committed fund balance</b>								
Boombridge	25,557	-	139,330	-	-	164,887	11,646	153,241
Ambulance Association equipment	-	29,500	-	-	-	29,500	13,953	15,547
Town Hall computer	-	13,500	-	-	-	13,500	14,112	(612)
Selectmen furniture	-	1,500	-	-	-	1,500	1,500	-
Transfer station improvements	-	12,500	-	-	-	12,500	12,321	179
Wheeler Library repairs	-	50,000	-	-	-	50,000	50,000	-
Hewitt Dam	69,811	-	-	-	-	69,811	51,912	17,899
Land acquisition	30,000	10,000	-	-	-	40,000	-	40,000
Town building repair	40,823	30,000	-	-	-	70,823	10,770	60,053
Civil preparedness	-	1,000	-	-	-	1,000	998	2
Narrow band radio upgrade	119,491	-	-	-	-	119,491	2,711	116,780
Recreation pavilion & fields	-	2,500	-	-	-	2,500	2,114	386
Equipment hose	-	4,500	-	-	-	4,500	4,500	-
Turnout gear	-	16,000	-	-	-	16,000	16,000	-
NSAA ambulance	-	213,900	-	-	-	213,900	-	213,900
Recreation area light	-	25,000	-	-	-	25,000	610	24,390
Fire Department training, rescue, scuba gear	22,859	17,465	(22,859)	-	-	17,465	17,465	-
Sweeper	-	38,973	-	-	-	38,973	38,973	-
Bucket truck (used)	-	10,000	-	-	-	10,000	-	10,000
<b>Total committed</b>	<u>308,541</u>	<u>476,338</u>	<u>116,471</u>	<u>-</u>	<u>-</u>	<u>901,350</u>	<u>249,585</u>	<u>651,765</u>
<b>Total</b>	<u>\$ 840,205</u>	<u>\$ 476,338</u>	<u>\$ 116,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,433,014</u>	<u>\$ 354,081</u>	<u>\$ 1,078,933</u>

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**LOCIP FUNDS  
SUMMARY OF PROJECT BUDGETS - CASH BASIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Beginning Balance	Transfers	Funds Budgeted	Total Available	Total Expended	Monies Received	Pending Receipt *	Ending Balance
<b>Projects approved by the state:</b>								
Northwest Corner Road	\$ 2,236	\$ (2,236)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total approved by the state</b>	<u>2,236</u>	<u>(2,236)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Projects not approved by the state:</b>								
Uncommitted	47,405	2,236	49,000	98,641	-	-	-	98,641
<b>Total not approved by the state</b>	<u>47,405</u>	<u>2,236</u>	<u>49,000</u>	<u>98,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,641</u>
<b>Total</b>	<u>\$ 49,641</u>	<u>\$ -</u>	<u>\$ 49,000</u>	<u>\$ 98,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,641</u>

\* Application submitted to State of Connecticut for reimbursement.

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>				<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Transfers</b>	<b>Final</b>	<b>Actual</b>	
Salaries:					
Central office	\$ 622,654	\$ -	\$ 622,654	\$ 627,115	\$ (4,461)
Administrators	359,871	-	359,871	359,871	-
Teachers	5,877,647	(3,636)	5,874,011	5,783,556	90,455
Guidance	114,761	-	114,761	115,846	(1,085)
Secretarial	157,590	-	157,590	157,012	578
Teacher assistants	304,314	-	304,314	297,800	6,514
Library/media	122,819	-	122,819	122,819	-
Custodial/grounds	339,147	51,306	390,453	415,326	(24,873)
Central office	95,290	-	95,290	78,481	16,809
Contracted services	65,000	2,234	67,234	66,260	974
Text books	24,775	-	24,775	31,075	(6,300)
Library books	13,700	-	13,700	18,418	(4,718)
Instructional supplies	146,141	2,620	148,761	140,162	8,599
Other expenses, schools	157,274	22,317	179,591	163,259	16,332
Supplies, health	4,000	(756)	3,244	3,244	-
Transportation	1,013,125	296	1,013,421	898,054	115,367
Heat	112,000	-	112,000	82,774	29,226
Utilities	186,595	-	186,595	191,735	(5,140)
Custodial supplies	90,500	-	90,500	77,536	12,964
Postage	9,208	-	9,208	8,825	383
Maintenance services	363,240	-	363,240	273,356	89,884
Lease of equipment	37,983	-	37,983	36,083	1,900
Replacement of equipment	108,217	2,421	110,638	232,328	(121,690)
Social security	211,039	-	211,039	203,133	7,906
Employee benefits	1,626,922	-	1,626,922	1,646,455	(19,533)
Employee retirement	99,795	-	99,795	96,815	2,980
Student activities	101,596	-	101,596	92,461	9,135
Equipment	94,595	9,363	103,958	279,756	(175,798)
Tuition	299,304	(86,165)	213,139	201,651	11,488
<b>Total expenditures</b>	<b>\$ 12,759,102</b>	<b>\$ -</b>	<b>\$ 12,759,102</b>	<b>\$ 12,701,206</b>	<b>\$ 57,896</b>

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**STATEMENT OF DEBT LIMITATION  
CONNECTICUT GENERAL STATUTES SECTION 7-374(b)  
FOR THE YEAR ENDED JUNE 30, 2016**

Total tax collections including interest and lien fees for the year ended June 30, 2016	\$ 13,826,930
Reimbursement for revenue loss on:	
Tax Relief for Elderly (CGS 12-129d)	39,748
<b>Base</b>	<b><u>\$ 13,866,678</u></b>

	<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	\$ 31,200,026	\$	\$	\$	\$
4 1/2 times base		62,400,051			
3 3/4 times base			52,000,043		
3 1/4 times base				45,066,704	
3 times base					41,600,034
<b>Total debt limitation</b>	<u>31,200,026</u>	<u>62,400,051</u>	<u>52,000,043</u>	<u>45,066,704</u>	<u>41,600,034</u>
<b>Indebtedness:</b>					
General obligation serial note	246,500	-	53,500	-	-
Bond anticipation notes payable	2,000,000	-	-	-	-
Authorized but unissued	<u>5,950,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total indebtedness</b>	<u>8,196,500</u>	<u>-</u>	<u>53,500</u>	<u>-</u>	<u>-</u>
<b>Debt limitation in excess of     outstanding and authorized debt</b>	<u><u>\$ 23,003,526</u></u>	<u><u>\$ 62,400,051</u></u>	<u><u>\$ 51,946,543</u></u>	<u><u>\$ 45,066,704</u></u>	<u><u>\$ 41,600,034</u></u>

NOTE: In no case shall total indebtedness exceed seven times annual receipts from taxation.

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**REPORT OF THE TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Grand List October 1,</b>	<b>Taxes Receivable July 1, 2015</b>	<b>Lawful Corrections</b>		<b>Suspense Transfers</b>	<b>Adjusted Taxes Receivable</b>	<b>Collections</b>			<b>Taxes Receivable June 30, 2016</b>
		<b>Additions</b>	<b>Deductions</b>			<b>Taxes</b>	<b>Interest and Liens</b>	<b>Total</b>	
2014	\$ 13,922,276	\$ 3,810	\$ 36,286	\$ -	\$ 13,889,800	\$ 13,532,089	\$ 45,513	\$ 13,577,602	\$ 357,711
2013	342,416	614	2,081	-	340,949	138,853	28,979	167,832	202,096
2012	86,696	152	1,493	-	85,355	43,923	9,502	53,425	41,432
2011	40,313	541	-	-	40,854	4,351	2,020	6,371	36,503
2010	33,516	-	-	-	33,516	5,173	5,079	10,252	28,343
2009	30,531	-	-	-	30,531	4,666	2,079	6,745	25,865
2008	21,826	53	-	-	21,879	2,735	1,968	4,703	19,144
2007	2,571	-	-	-	2,571	-	-	-	2,571
2006	2,292	-	-	-	2,292	-	-	-	2,292
2005	2,281	-	-	-	2,281	-	-	-	2,281
2004	1,225	-	-	-	1,225	-	-	-	1,225
2003	1,029	-	-	-	1,029	-	-	-	1,029
2002	955	-	-	-	955	-	-	-	955
2001	1,047	-	-	-	1,047	-	-	-	1,047
2000	1,027	-	-	-	1,027	-	-	-	1,027
	<u>\$ 14,490,001</u>	<u>\$ 5,170</u>	<u>\$ 39,860</u>	<u>\$ -</u>	<u>\$ 14,455,311</u>	<u>\$ 13,731,790</u>	<u>\$ 95,140</u>	<u>\$ 13,826,930</u>	<u>\$ 723,521</u>

See accompanying Independent Auditors' Report.