

TOWN OF NORTH STONINGTON, CONNECTICUT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

with

SUPPLEMENTAL STATEMENTS AND SCHEDULES

and

INDEPENDENT AUDITOR'S REPORT



TOWN OF NORTH STONINGTON, CONNECTICUT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of North Stonington, Connecticut

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, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2012, and the respective changes in financial position, where applicable thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 38 through 45 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Meyers & Company". The signature is written in a cursive, flowing style.

Danbury, Connecticut
October 26, 2012, except for Note 14,
as to which the date is December 17, 2012

TOWN OF NORTH STONINGTON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2012

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, 2012. Please read it in conjunction with the Town's financial statements, which begin on page 11.

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 \$10,388,097 (net assets). This is a decrease of \$297,784 or 2.8% from the prior fiscal year.
- Government-wide revenues were \$19,073,814 (down 0.8%) and expenses were \$19,371,598 (up 3.9%). On a government-wide basis, expenditures exceeded revenues by \$297,784.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,953,293, an increase of \$759,634 from the prior fiscal year. This represents the combined balances in the General Fund, Capital Nonrecurring Fund, Bridge Fund, and other smaller funds.
- In the General Fund, expenditures and net transfers exceeded revenues by \$841,708. The total General Fund balance of \$1,044,475 as of June 30, 2012 compares to a balance of \$1,886,183 in the prior year.
- At the end of the current fiscal year, the Unassigned General Fund balance was \$357,606. This represents 1.9% of total General Fund revenues (on a budgetary basis) in the current fiscal year.
- At a special Town Meeting on December 17, 2012, \$999,362 of unused fund balance of the Capital Nonrecurring Fund was authorized to be transferred to the Unassigned Fund Balance of the General Fund. The effect on the General Fund of this fund balance transfer, had it occurred on June 30, 2012, is to increase the Unassigned General Fund balance from \$357,606 to \$1,356,968, which represents 7.4% of total General Fund revenues (on a budgetary basis) for the year ended June 30, 2012. See Note 14 to the financial statements for additional information.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets 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 13. 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 Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. One can think of the Town's net assets – 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 assets 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 assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period (e.g., uncollected taxes and earned but unused compensated absences).

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

Fund Financial Statements

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

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

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

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

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

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. All of the Town’s fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets. 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 assets decreased by \$297,784 from a year ago. Our analysis below focuses on the net assets and changes in net assets of the Town.

| | <u>2012</u> | <u>Change During Year</u> | | <u>2011</u> |
|--|----------------------|---------------------------|----------------|----------------------|
| | | <u>Dollars</u> | <u>Percent</u> | |
| <u>Assets</u> | | | | |
| Current and other assets | \$ 5,824,246 | \$ (672,678) | -10.4% | \$ 6,496,924 |
| Capital assets | <u>9,894,764</u> | <u>1,083,866</u> | 12.3% | <u>8,810,898</u> |
| Total assets | <u>15,719,010</u> | <u>411,188</u> | 2.7% | <u>15,307,822</u> |
| <u>Liabilities</u> | | | | |
| Long-term debt outstanding | 4,804,811 | 963,976 | 25.1% | 3,840,835 |
| Other liabilities | <u>526,102</u> | <u>(255,004)</u> | -32.6% | <u>781,106</u> |
| Total liabilities | <u>5,330,913</u> | <u>708,972</u> | 15.3% | <u>4,621,941</u> |
| <u>Net Assets</u> | | | | |
| Invested in capital assets, net of related debt | 5,856,679 | (50,219) | -0.9% | 5,906,898 |
| Restricted – Expendable | 244,989 | (177,022) | -41.9% | 422,011 |
| Unrestricted | <u>4,286,429</u> | <u>(70,543)</u> | -1.6% | <u>4,356,972</u> |
| Total net assets | <u>\$ 10,388,097</u> | <u>\$ (297,784)</u> | -2.8% | <u>\$ 10,685,881</u> |

Capital Assets increased by \$1,083,866. Of the increase, \$1,191,085 was spent on new, more efficient boilers for the school facilities, recreation courts, in process bridge costs, and four trucks for the highway department. The increase also includes \$440,744 reduction for current year depreciation expense.

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

Short terms notes (BANS) were purchased by the Town to continue paying down debt for the fire truck, Hewitt (Seaport) property, and new highway vehicles. An additional \$1,975,000 was taken out in the form of a Bond Anticipation Note for the Bridge fund. See more details in Note 8 to the financial statements.

| | <u>2012</u> | <u>Change During Year</u> | | <u>2011</u> |
|------------------------------------|---------------------|---------------------------|----------------|-------------------|
| | | <u>Dollars</u> | <u>Percent</u> | |
| Revenues | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 573,173 | \$ (17,331) | -2.9% | \$ 590,504 |
| Operating grants and contributions | 4,306,584 | (383,345) | -8.2% | 4,689,929 |
| Capital grants and contributions | 375,391 | 105,511 | 39.1% | 269,880 |
| General revenues: | | | | |
| Property taxes | 12,799,343 | 40,681 | 0.3% | 12,758,662 |
| Grants and contributions | 981,134 | 96,377 | 10.9% | 884,757 |
| Interest and investment earnings | 3,249 | (8,281) | -71.8% | 11,530 |
| Other general revenues | <u>34,940</u> | <u>9,500</u> | 37.3% | <u>25,440</u> |
| Total revenues | <u>19,073,814</u> | <u>(156,888)</u> | -0.8% | <u>19,230,702</u> |
| Program Expenses | | | | |
| General government | 1,829,517 | (362,494) | -16.5% | 2,192,011 |
| Public safety | 926,770 | 75,685 | 8.9% | 851,085 |
| Public works | 2,179,217 | 521,465 | 31.5% | 1,657,752 |
| Education | 14,305,288 | 434,545 | 3.1% | 13,870,743 |
| Interest on long-term debt | <u>130,806</u> | <u>66,070</u> | 102.1% | <u>64,736</u> |
| Total expenses | <u>19,371,598</u> | <u>735,271</u> | 3.9% | <u>18,636,327</u> |
| Increase (decrease) in net assets | <u>\$ (297,784)</u> | <u>\$ (892,159)</u> | -150.1% | <u>\$ 594,375</u> |

The following are the significant changes from the prior year:

- Operating grants decreased \$383,345 (8.2%) because of a \$259,821 increase in the teachers' retirement on behalf payments from \$928,223 to \$1,188,044, which was more than offset by lower education grants being received.
- General government expenses decreased \$362,494 (16.5%) because certain capital outlays were not capitalized in the prior year. Therefore, such expenditures were expensed.
- Public works increased \$521,465 (31.5%) because certain storm damage expenditures and other major repairs were incurred in the current year.
- Education increased \$434,545 (3.1%) primarily from the \$259,821 increase in the teachers' retirement on behalf payments, which increased from \$928,223 to \$1,188,044.
- Interest on long-term debt increased \$66,070 (102.1%) because of higher debt balances.

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

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 combined ending fund balances of \$4,953,293, an increase of \$759,634 from the prior year:

| <u>Ending Fund Balance as of:</u> | <u>2012</u> | <u>2011</u> | <u>Change</u> |
|-----------------------------------|---------------------|---------------------|-------------------|
| General Fund | \$ 1,044,475 | \$ 1,886,183 | \$ (841,708) |
| Capital Nonrecurring Fund | 2,089,092 | 2,209,106 | (120,014) |
| Bridge Fund | 1,745,096 | - | 1,745,096 |
| Other Funds | <u>74,630</u> | <u>98,370</u> | <u>(23,740)</u> |
| Total | <u>\$ 4,953,293</u> | <u>\$ 4,193,659</u> | <u>\$ 759,634</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 \$357,606. 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 1.9% of total General Fund revenue (on a budgetary basis) in the current fiscal year. In the prior year, the Unassigned Fund Balance was 7.2% of the total General Fund (on a budgetary basis).

The Town's General Fund balance (including Assigned fund balance) decreased by \$841,708 or (44.6%) during the current fiscal year for the following reasons:

- The Town had planned for a balanced 2011-2012 budget, which included a \$1,154,100 total transfer from the General Fund to the Capital Nonrecurring Fund. This amount included \$362,000 for specific purposes and \$792,100 for general purposes.
- In addition to the above transfers, the following transfers were made to properly match funds received with funds expended:
 - \$64,964 was reimbursed to the Capital Nonrecurring Fund for the recreation courts
 - \$269,940 was transferred to the Bridge Fund for FEMA grant funds received
 - \$185,175 was reimbursed to the General Fund from the Capital Nonrecurring Fund
- The net effect of the above transfers combined with lower than budgeted intergovernmental grants resulted in the General Fund balance decrease. This decrease was offset by the issuance of the BAN in the Bridge Fund in the amount of \$1,975,000 causing the Town's combined governmental funds balance to increase to \$759,634.

At a special Town Meeting on December 17, 2012, \$999,362 of unused fund balance of the Capital Nonrecurring Fund was authorized to be transferred to the Unassigned Fund Balance of the General Fund. The effects of this Fund Balance transfer, had it occurred on June 30, 2012, is to increase Unassigned General Fund balance from \$357,606 to \$1,356,968 and to increase the total General Fund balance from \$1,044,475 to \$2,043,837. The Fund Balance transfer has no effect on the Town's combined fund balance at June 30, 2012. See Note 14 to the financial statements for additional information.

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

The following is a summary of the effects of the \$999,362 fund balance transfer, on a pro forma basis, as if the fund balance transfer had occurred on June 30, 2012:

| <u>Ending Fund Balance – June 30, 2012</u> | <u>2012</u> | <u>Pro Forma Adjustment</u> | <u>Pro Forma 2012</u> |
|--|---------------------|---------------------------------|---------------------------|
| General Fund | \$ 1,044,475 | \$ 999,362 | \$ 2,043,837 |
| Capital Nonrecurring Fund | 2,089,092 | (999,362) | 1,089,730 |
| Bridge Fund | 1,745,096 | - | 1,745,096 |
| Other Funds | <u>74,630</u> | <u>-</u> | <u>74,630</u> |
| Total | <u>\$ 4,953,293</u> | <u>\$ -</u> | <u>\$ 4,953,293</u> |

GENERAL FUND BUDGETARY HIGHLIGHTS

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

| | <u>Final Budget</u> | <u>Actual</u> | <u>Better (Worse) Than Budget</u> |
|---|---------------------|---------------------|---------------------------------------|
| Revenues: | | | |
| Property taxes | \$ 12,694,349 | \$ 12,674,628 | \$ (19,721) |
| Use of Town money | 12,000 | 2,400 | (9,600) |
| Intergovernmental | 5,720,240 | 5,121,598 | (598,642) |
| Licenses, fees, fines and charges | 174,200 | 157,946 | (16,254) |
| Other revenue | <u>198,274</u> | <u>473,527</u> | <u>275,253</u> |
| Total revenues | <u>18,799,063</u> | <u>18,430,099</u> | <u>(368,964)</u> |
| Expenditures: | | | |
| General government | 4,316,084 | 4,252,684 | 63,400 |
| Payment of debt | 1,090,685 | 1,086,089 | 4,596 |
| Capital outlay | 1,445,752 | 1,720,212 | (274,460) |
| Education | <u>12,081,172</u> | <u>11,949,576</u> | <u>131,596</u> |
| Total expenditures | <u>18,933,693</u> | <u>19,008,561</u> | <u>(74,868)</u> |
| Decrease in fund balance – budgetary basis | <u>\$ (134,630)</u> | <u>\$ (578,462)</u> | <u>\$ (443,832)</u> |

General Fund expenditures exceed revenues by \$578,462 this year, which was \$443,832 worse than budget. The following factors contributed to this decrease in fund balance:

- Intergovernmental grant revenue was \$598,642 less than budget because STEAP and Broombridge grants were less than anticipated.
- Other revenue was \$275,253 better than budget primarily because the General Fund was reimbursed for prior year capital nonrecurring fund expenditures in 2012.

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

- Capital outlay was \$274,460 worse than budget because the bridge-related grant revenue of \$269,940 was transferred to the new Bridge Fund.
- Board of Education expenditures were \$131,596 better than budget, which was consistent with last year.
- At a special Town Meeting on December 17, 2012, \$999,362 of unused fund balance of the Capital Nonrecurring Fund was authorized to be transferred to the Unassigned Fund Balance of the General Fund. The effects of this Fund Balance transfer, had it occurred on June 30, 2012, is to increase the total June 30, 2012 General Fund balance by \$999,362. See Note 14 to the financial statements for additional information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Town had \$9,894,764 invested in capital assets. This amount represents a net increase (including additions and deductions) of \$1,083,866 from last year. This is primarily due to the in process construction of the bridge, the construction of the recreation courts, the purchase of public works equipment, and a conversion of the school facilities boilers project. More detailed information about the Town's capital assets is presented in Note 6 to the financial statements.

Debt

At year end, the Town had \$3,897,000 in bonds and notes outstanding. This is an increase of \$993,000 from last year. The Town's general obligation bond rating is A1. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town has continued to maintain a conservative financial policy of minimal expenses while maintaining infrastructure, facilities, and equipment as required and still maintain its statutory requirements.

The Town's total debt is under \$2.5 million and we are aware that the decrease in building permits for residential houses has stalled the usual grand list growth. The Town has received a STEAP (Small Town Economic Assistance Program) for a water study and has applied for a STEAP Grant for a sewer study of Stonington/North Stonington to concentrate on expanding the Town's commercial tax base in the area of I95/Route 2/Route 49. The Town is aware that it has two of the last undeveloped exits in the I95 corridor (Exits 92 & 93), which could greatly enhance the Town's tax base. We are very much aware that we must place emphasis on expanding our commercial tax base in order to continue to maintain the Town's current services to our taxpayers.

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2013 budget and tax rates. The Board of Finance works with the Boards and Commissions to set the most cost effective budgets possible while considering our taxpayers ability to pay. The Selectmen and Board of Education do everything possible to spend money effectively and return unused funds to the General Fund at year's end.

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

In connection with maximizing the use of the Town's unused fund balances, at a special Town Meeting on December 17, 2012, \$999,362 of unused fund balance of the Capital Nonrecurring Fund was authorized to be transferred to the Unassigned Fund Balance of the General Fund. Such unused fund balance in the Capital Nonrecurring Fund related to (i) surplus fund balances of completed capital projects, (ii) fund balance assigned to future capital projects but not earmarked for specific capital projects, and (iii) fund balance related to the Board of Education OPEB, which is no longer considered necessary. The effect of this transfer is to increase the Unassigned General Fund balance by \$999,362. See Note 14 to the financial statements for additional information.

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 ASSETS
JUNE 30, 2012

| <u>Assets</u> | |
|--|----------------------|
| Current assets: | |
| Cash and cash equivalents | \$ 4,961,879 |
| Investments | 19,960 |
| Receivables, net of allowance for uncollectible accounts | 820,752 |
| Due from fiduciary funds | 12,596 |
| Inventory | 9,059 |
| Noncurrent assets: | |
| Capital assets: | |
| Not being depreciated | 1,452,974 |
| Being depreciated, net of accumulated depreciation | 8,441,790 |
| | <hr/> |
| Total assets | \$ 15,719,010 |
| | <hr/> |
| <u>Liabilities</u> | |
| Current liabilities: | |
| Accounts payable | \$ 364,510 |
| Accrued wages and benefits | 82,396 |
| Accrued interest payable | 63,085 |
| Deferred revenue | 16,111 |
| Noncurrent liabilities: | |
| Due within one year | 3,554,634 |
| Due in more than one year | 1,250,177 |
| | <hr/> |
| Total liabilities | 5,330,913 |
| | <hr/> |
| <u>Net Assets</u> | |
| Invested in capital assets, net of related debt | 5,856,679 |
| Restricted net assets: | |
| Expendable | 49,588 |
| Unrestricted | 4,481,830 |
| | <hr/> |
| Total net assets | 10,388,097 |
| | <hr/> |
| Total liabilities and net assets | \$ 15,719,010 |
| | <hr/> |

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

TOWN OF NORTH STONINGTON, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

| | Program Revenues | | | Governmental Activities | Net (Expense) Revenue and Changes in Net Assets |
|--|------------------------|-------------------------|--|----------------------------|--|
| | Expenses | Charges For Services | Operating Grants and Contributions | | |
| Governmental Activities: | | | | | |
| General government | \$ (1,829,517) | \$ 386,378 | \$ 3,500 | \$ - | \$ (1,439,639) |
| Public safety | (926,770) | - | 56,440 | - | (870,330) |
| Public works | (2,179,217) | - | 121,976 | 375,391 | (1,681,850) |
| Education | (14,305,288) | 186,795 | 4,124,668 | - | (9,993,825) |
| Interest on long-term debt | (130,806) | - | - | - | (130,806) |
| Total governmental activities | <u>\$ (19,371,598)</u> | <u>\$ 573,173</u> | <u>\$ 4,306,584</u> | <u>\$ 375,391</u> | <u>(14,116,450)</u> |
| General Revenues: | | | | | |
| Property taxes, interest, and lien and payments in lieu of taxes | | | | | 12,799,343 |
| Grants and contributions not restricted to specific programs | | | | | 981,134 |
| Interest and investment earnings | | | | | 3,249 |
| Miscellaneous | | | | | 34,940 |
| Total general revenues | | | | | <u>13,818,666</u> |
| Change in net assets | | | | | (297,784) |
| Net assets, beginning of year | | | | | <u>10,685,881</u> |
| Net assets, end of year | | | | | <u>\$ 10,388,097</u> |

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

| | General Fund | Capital Nonrecurring Fund | Bridge Fund | Other Funds | Total Governmental Funds |
|--|-------------------------|--|------------------------|------------------------|---|
| <u>Assets</u> | | | | | |
| Cash and cash equivalents | \$ 2,555,873 | \$ 808,965 | \$ 1,560,571 | \$ 36,470 | \$ 4,961,879 |
| Investments | 1,309 | - | - | 18,651 | 19,960 |
| Receivables | 814,097 | - | - | 6,655 | 820,752 |
| Due from other funds | - | 1,297,077 | 269,940 | 22,000 | 1,589,017 |
| Due from fiduciary funds | - | - | - | 12,596 | 12,596 |
| Inventory | - | - | - | 9,059 | 9,059 |
| Total assets | \$ 3,371,279 | \$ 2,106,042 | \$ 1,830,511 | \$ 105,431 | \$ 7,413,263 |
| <u>Liabilities and Fund Balances</u> | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 247,455 | \$ 16,950 | \$ 85,415 | \$ 14,690 | \$ 364,510 |
| Accrued expenses | 82,396 | - | - | - | 82,396 |
| Deferred revenue | 407,936 | - | - | 16,111 | 424,047 |
| Due to other funds | 1,589,017 | - | - | - | 1,589,017 |
| Total liabilities | 2,326,804 | 16,950 | 85,415 | 30,801 | 2,459,970 |
| Fund Balances: | | | | | |
| Unspendable | - | - | - | 9,059 | 9,059 |
| Restricted | 38,419 | - | - | 11,169 | 49,588 |
| Committed | 397,061 | - | 1,745,096 | - | 2,142,157 |
| Assigned | 251,389 | - | - | 54,402 | 305,791 |
| Unassigned | 357,606 | - | - | - | 357,606 |
| Total fund balances | 1,044,475 | - | 1,745,096 | 74,630 | 2,864,201 |
| Total liabilities and fund balances | \$ 3,371,279 | \$ 16,950 | \$ 1,830,511 | \$ 105,431 | |
| Amounts reported in the statement of net assets are different because: | | | | | |
| Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds | | | | | 9,894,764 |
| Other assets are not available to pay for current period expenditures, and therefore are deferred in the funds | | | | | 407,936 |
| Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds: | | | | | |
| Bonds and notes payable | | | | | (3,897,000) |
| Compensated absences and pension benefits | | | | | (829,811) |
| Landfill costs | | | | | (78,000) |
| Accrued interest payable | | | | | (63,085) |
| Net assets | | | | | \$ 8,299,005 |

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

| | <u>General Fund</u> | <u>Capital Nonrecurring Fund</u> | <u>Bridge Fund</u> | <u>Other Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|--|------------------------|------------------------|---|
| Revenues: | | | | | |
| Property taxes | \$ 12,674,628 | \$ - | \$ - | \$ - | \$ 12,674,628 |
| Intergovernmental revenues | 6,324,903 | 40,092 | - | 533,729 | 6,898,724 |
| Local revenues | 462,223 | 782 | - | 178,255 | 641,260 |
| Total revenues | <u>19,461,754</u> | <u>40,874</u> | <u>-</u> | <u>711,984</u> | <u>20,214,612</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 1,833,070 | - | - | - | 1,833,070 |
| Public safety | 836,301 | - | - | - | 836,301 |
| Public works | 1,754,944 | - | - | - | 1,754,944 |
| Education | 13,260,002 | - | - | 735,724 | 13,995,726 |
| Capital outlay | 229,577 | 1,194,427 | 499,844 | - | 1,923,848 |
| Debt service | 1,086,089 | - | - | - | 1,086,089 |
| Total expenditures | <u>18,999,983</u> | <u>1,194,427</u> | <u>499,844</u> | <u>735,724</u> | <u>21,429,978</u> |
| Excess of revenues over (under) expenditures | <u>461,771</u> | <u>(1,153,553)</u> | <u>(499,844)</u> | <u>(23,740)</u> | <u>(1,215,366)</u> |
| Other Financing Sources (Uses): | | | | | |
| Proceeds from issuance of note | - | - | 1,975,000 | - | 1,975,000 |
| Transfers in | 185,525 | 1,219,064 | 269,940 | - | 1,674,529 |
| Transfers out | (1,489,004) | (185,525) | - | - | (1,674,529) |
| Total other financing sources (uses) | <u>(1,303,479)</u> | <u>1,033,539</u> | <u>2,244,940</u> | <u>-</u> | <u>1,975,000</u> |
| Net change in fund balances | (841,708) | (120,014) | 1,745,096 | (23,740) | 759,634 |
| Fund balances, beginning of year | 1,886,183 | 2,209,106 | - | 98,370 | 4,193,659 |
| Fund balances, end of year | <u>\$ 1,044,475</u> | <u>\$ 2,089,092</u> | <u>\$ 1,745,096</u> | <u>\$ 74,630</u> | <u>\$ 4,953,293</u> |

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, 2012**

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

Net change in fund balances - total governmental funds \$ 759,634

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

| | |
|--|-----------|
| Capital outlays treated as expenditures | 1,524,611 |
| Depreciation expense not considered in the fund statements | (440,744) |
| | 1,083,867 |

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

| | |
|-------------------------------------|-------------|
| Debt issued or incurred: | |
| Issuance of bond anticipation notes | (832,000) |
| Issuance of general obligation note | (1,975,000) |
| Principal repayments or refinanced: | |
| General obligation bonds | 565,000 |
| Bond anticipation notes | 1,249,000 |
| Post-closure landfill costs | 6,000 |
| | (987,000) |

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 | 60,332 |
| Grants for capital projects | (1,201,130) |
| Expenses: | |
| Compensated absences and other post-employment benefits payable | 13,230 |
| Accrued interest payable | (26,717) |
| | (1,154,285) |

Change in net assets **\$ (297,784)**

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

TOWN OF NORTH STONINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|-------------------|---------------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes, interest and lien fees | \$ 12,694,349 | \$ 12,694,349 | \$ 12,674,628 | \$ (19,721) |
| Use of town money | 12,000 | 12,000 | 2,400 | (9,600) |
| Intergovernmental revenues | 5,720,240 | 5,720,240 | 5,121,598 | (598,642) |
| Licenses, fees, fines and charges | 174,200 | 174,200 | 157,946 | (16,254) |
| Other revenues | 198,274 | 198,274 | 473,527 | 275,253 |
| Total revenues | <u>18,799,063</u> | <u>18,799,063</u> | <u>18,430,099</u> | <u>(368,964)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 164,331 | 164,331 | 166,921 | (2,590) |
| Probate court expenditures | 2,000 | 2,000 | 1,794 | 206 |
| Board of Finance | 24,200 | 30,700 | 30,043 | 657 |
| Assessor's Office | 117,410 | 117,410 | 114,984 | 2,426 |
| Board of Tax Review / Assessment Appeals | 2,000 | 2,000 | 1,548 | 452 |
| Tax Collector | 50,067 | 50,067 | 50,413 | (346) |
| Town Treasurer | 6,432 | 6,432 | 6,430 | 2 |
| Town Attorney | 35,000 | 43,000 | 35,273 | 7,727 |
| Annexation Related | 4,000 | 24,000 | 24,000 | - |
| Town Clerk | 69,541 | 70,674 | 70,664 | 10 |
| Planning and Zoning Commission | 123,301 | 141,694 | 131,507 | 10,187 |
| Building Department | 31,125 | 30,625 | 30,335 | 290 |
| Zoning Board of Appeals | 1,500 | 1,500 | 1,230 | 270 |
| School Building and Planning Committee | 200 | 13,400 | 13,200 | 200 |
| Economic Development Commission | 10,997 | 10,997 | 7,605 | 3,392 |
| Recreation Commission | 96,835 | 96,835 | 97,675 | (840) |
| Inland Wetlands Commission | 7,622 | 7,622 | 7,434 | 188 |
| Conservation Commission | 300 | 300 | 50 | 250 |
| Water Pollution Control Authority | 3 | 3 | - | 3 |
| Fixed Charges | 735,801 | 702,651 | 697,366 | 5,285 |
| Elections and Town Meetings | 22,526 | 28,026 | 25,569 | 2,457 |
| Town Hall | 70,200 | 74,675 | 73,671 | 1,004 |
| Social Services / Welfare | 47,690 | 47,690 | 47,521 | 169 |
| Selectmen's Engineering Service | 5,451 | 7,951 | 4,179 | 3,772 |
| Information Technology | 61,188 | 61,188 | 61,160 | 28 |
| Public Safety | 774,159 | 843,809 | 842,419 | 1,390 |
| Public works | 1,602,231 | 1,617,594 | 1,593,071 | 24,523 |
| Conservation of Health | 34,541 | 34,541 | 33,436 | 1,105 |
| Senior Citizens | 53,768 | 53,768 | 52,333 | 1,435 |
| Miscellaneous | 29,201 | 30,601 | 30,853 | (252) |
| Education | 12,081,172 | 12,081,172 | 11,949,576 | 131,596 |
| Capital outlay | 1,445,752 | 1,445,752 | 1,720,212 | (274,460) |
| Debt service | 1,090,685 | 1,090,685 | 1,086,089 | 4,596 |
| Total expenditures | <u>18,801,229</u> | <u>18,933,693</u> | <u>19,008,561</u> | <u>(74,868)</u> |
| Net change in fund balance | <u>\$ (2,166)</u> | <u>\$ (134,630)</u> | <u>(578,462)</u> | <u>\$ (443,832)</u> |
| Fund balance, beginning of year | | | <u>1,371,548</u> | |
| Fund balance, end of year | | | <u>\$ 793,086</u> | |

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012**

| | Pension Trust Funds | Agency Funds |
|--|--------------------------------|-------------------------|
| <u>Assets</u> | | |
| Cash and cash equivalents | \$ 121,344 | \$ 108,511 |
| Investments | - | 161,958 |
| Investments in insurance annuities | 2,293,594 | - |
| Other receivables | 84,087 | - |
| Total assets | 2,499,025 | 270,469 |
| <u>Liabilities</u> | | |
| Due to students and developers | - | 246,041 |
| Due to others | - | 11,831 |
| Due to governmental funds | - | 12,597 |
| Total liabilities | - | 270,469 |
| Net assets held in trust for pension benefits | \$ 2,499,025 | \$ - |

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

TOWN OF NORTH STONINGTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
JUNE 30, 2012

| | Pension Trust Funds |
|---|--------------------------------|
| Additions: | |
| Employer contributions | \$ 165,693 |
| Investment income: | |
| Dividend and interest income | 53,772 |
| Net decrease in fair value of investments | (127,421) |
| Total additions | 92,044 |
| Deductions: | |
| Benefits paid to plan members | 146,457 |
| Administrative expenses | 6,648 |
| Total deductions | 153,105 |
| Change in net assets | (61,061) |
| Net assets, beginning of year | 2,560,086 |
| Net assets, end of year | \$ 2,499,025 |

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

TOWN OF NORTH STONINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criterion provided by the Government Accounting Standards Board has been considered, and there are no agencies or entities which should be presented with the government.

Government-Wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Governmental Funds

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

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

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

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

Fiduciary Funds

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The **Capital Nonrecurring Fund** is used to account for proceeds of bond anticipation notes and general obligation bonds used for authorized bonded projects such as acquisition and construction of capital assets.

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

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

Additionally, the Town reports the following funds:

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

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

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

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 1st. The tax levy is divided into two billings; the following July 1st and January 1st. 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 1st and February 1st), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

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

Interfund Transactions

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

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

Capital Assets

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

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

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

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

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

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the terms of the related debt.

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

Encumbrances

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

Fund Equity and Net Assets

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

Invested in capital assets, net of related debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

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

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

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

Governmental Accounting Standards Board Statement #54 (GASB 54) defines the different types of fund balances that the Town must use for its governmental funds. GASB 54 requires the fund balances to be properly reported within one of the following categories for financial reporting purposes.

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

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

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

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

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

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

Estimates

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

Comparative Data/Reclassification

Certain prior year amounts have been reclassified to conform with the current year’s presentation.

Note 2 – Budgets and Budgetary Accounting

Budgetary Basis

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

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

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

- Debt Revenue and Expenditures – The modified accrual basis of accounting includes revenue for new long-term debt. The modified accrual basis shows expenditure for the payment of the debt.

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

| | <u>Fund Balance</u> <u>Beginning</u> | <u>Revenues</u> | <u>Expenditures</u> | <u>Other Uses</u> | <u>Fund Balance</u> <u>Ending</u> |
|--|---|----------------------|------------------------|-------------------|--------------------------------------|
| GAAP basis | \$ 1,886,183 | \$ 19,461,754 | \$ (18,999,983) | \$ (1,303,479) | \$ 1,044,475 |
| Encumbrances: | | | | | |
| June 30, 2011 | (514,635) | (10,525) | 525,160 | - | - |
| June 30, 2012 | - | - | (251,389) | - | (251,389) |
| Reclassifications | - | 166,914 | (1,470,393) | 1,303,479 | - |
| Teachers’ retirement system on behalf payments | - | (1,188,044) | 1,188,044 | - | - |
| Budgetary basis | <u>\$ 1,371,548</u> | <u>\$ 18,430,099</u> | <u>\$ (19,008,561)</u> | <u>\$ -</u> | <u>\$ 793,086</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 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 (continued)

Note 3 – Deposits and Investments

Cash and Cash Equivalents

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

| | |
|---------------------------------|---------------------|
| Governmental Funds | \$ 4,961,879 |
| Pension Trust Funds | 121,344 |
| Agency Funds | <u>108,511</u> |
| Total Cash and Cash Equivalents | <u>\$ 5,191,734</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 | \$ 5,448,299 |
| Uninsured and uncollateralized | <u>346,079</u> |
| Total Deposits | <u>\$ 5,794,378</u> |

Investments

As of June 30, 2012, the Town's investments consisted of the following:

| | <u>General Fund</u> | <u>Other Funds</u> | <u>Agency Funds</u> |
|-------------------------|-------------------------|------------------------|-------------------------|
| State investment fund | \$ 1,309 | \$ - | \$ - |
| Certificates of Deposit | <u>-</u> | <u>18,651</u> | <u>161,958</u> |
| | <u>\$ 1,309</u> | <u>\$ 18,651</u> | <u>\$ 161,958</u> |

As of June 30, 2012, the range of maturities of the investments was as follows:

| <u>Types of Investment</u> | <u>Average Credit Rating</u> | <u>Fair Value</u> | <u>Investment Maturity Less Than 1 Year</u> |
|----------------------------|----------------------------------|-------------------|---|
| State investment fund | NA | \$ 1,309 | \$ 1,309 |
| Certificates of Deposit | NA | <u>180,609</u> | <u>180,609</u> |
| | | <u>\$ 181,918</u> | <u>\$ 181,918</u> |

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

Note 4 - Receivables

Receivables as of year end for the Town's individual major funds and Other funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General Fund</u> | <u>Other Funds</u> |
|---|-------------------------|------------------------|
| Taxes | \$ 496,480 | \$ - |
| Interest and fees on delinquent receivables | 167,155 | - |
| Intergovernmental | 296,531 | 6,655 |
| Other | <u>19,668</u> | <u>-</u> |
| Gross receivables | 979,834 | 6,655 |
| Less: allowance for uncollectibles | <u>(165,737)</u> | <u>-</u> |
| Net receivables | <u>\$ 814,097</u> | <u>\$ 6,655</u> |

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> |
|--|--------------------|------------------|
| Delinquent net property taxes, interest and liens receivable | \$ 407,936 | \$ - |
| Grants that are not earned yet | <u>-</u> | <u>16,111</u> |
| Total deferred/unearned revenue for governmental funds | <u>\$ 407,936</u> | <u>\$ 16,111</u> |

Note 5 - Operating Lease

The Town is the lessor in a non-concealable operating lease of a restaurant building. The original cost of the asset was \$118,500 and as of June 30, 2012 accumulated depreciation was \$5,925. The lease term started on May 1, 2011 and ends on June 30, 2020 with the option to renew for three additional ten-year terms. Minimum future rental payments to be received are as follows:

| <u>Year Ending</u> | <u>Future Rental Payments</u> |
|--------------------|-----------------------------------|
| 2013 | \$ 19,800 |
| 2014 | 19,800 |
| 2015 | 19,800 |
| 2016 | 19,800 |
| 2017 | 22,800 |
| 2018-2020 | <u>72,588</u> |
| Total | <u>\$ 174,588</u> |

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

Note 6 - Capital Assets

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

| | | |
|----------------------------|----|----------------|
| General government | \$ | 30,564 |
| Public works | | 147,522 |
| Public safety | | 90,469 |
| Education | | <u>172,189</u> |
| Total depreciation expense | \$ | <u>440,744</u> |

Capital asset activity for the year was as follows:

| | Balance at July 1, 2011 | Increases | Decreases | Balance at June 30, 2012 |
|---------------------------------------|----------------------------|---------------------|------------------|-----------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 953,240 | \$ - | \$ - | \$ 953,240 |
| Construction in process | <u>-</u> | <u>499,734</u> | <u>-</u> | <u>499,734</u> |
| | <u>953,240</u> | <u>499,734</u> | <u>-</u> | <u>1,452,974</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvement | 12,689,785 | - | - | 12,689,785 |
| Furniture and equipment | 5,567,645 | 1,024,876 | (722,419) | 5,870,102 |
| Infrastructure | <u>353,443</u> | <u>-</u> | <u>-</u> | <u>353,443</u> |
| | <u>18,610,873</u> | <u>1,024,876</u> | <u>(722,419)</u> | <u>18,913,330</u> |
| Accumulated depreciation | <u>(1,753,215)</u> | <u>(440,744)</u> | <u>722,419</u> | <u>(10,471,540)</u> |
| Capital assets, net | <u>\$ 8,810,898</u> | <u>\$ 1,083,866</u> | <u>\$ -</u> | <u>\$ 9,894,764</u> |

Note 7 – Interfund Transfers

Interfund transfers are generally used to transfer monies raised in taxes to other funds. During the year, transfers from the General Fund to the Capital Nonrecurring Fund and Bridge Fund were made to finance several projects as follows:

| | Transfers in to: | | | |
|----------------------|-------------------|-------------------------|-------------------|-----------------------|
| | General Fund | Capital Nonrecurring | Bridge | Total Transfers In |
| Transfers out of: | | | | |
| General Fund | \$ - | \$ 1,219,064 | \$ 269,940 | \$ 1,489,004 |
| Capital Nonrecurring | <u>185,525</u> | <u>-</u> | <u>-</u> | <u>185,525</u> |
| | <u>\$ 185,525</u> | <u>\$ 1,219,064</u> | <u>\$ 269,940</u> | <u>\$ 1,674,529</u> |

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

Note 8 - Long-Term

Changes In Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2012 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 bonds: | | | | | |
| School construction | \$ 1,655,000 | \$ - | \$ 565,000 | \$ 1,090,000 | \$ 550,000 |
| Bond anticipation notes: | | | | | |
| Bond anticipation note | 434,000 | - | 434,000 | - | - |
| Bond anticipation note | 815,000 | - | 815,000 | - | - |
| Bond anticipation note | - | 832,000 | - | 832,000 | 832,000 |
| General obligation note | - | 1,975,000 | - | 1,975,000 | 1,975,000 |
| Compensated absences | 117,873 | 13,776 | - | 131,649 | 2,244 |
| Post closure landfill costs | 84,000 | - | 6,000 | 78,000 | 6,000 |
| Net OPEB obligation | 734,962 | 152,590 | 189,390 | 698,162 | 189,390 |
| | <u>\$ 3,840,835</u> | <u>\$ 2,973,366</u> | <u>\$ 2,009,390</u> | <u>\$ 4,804,811</u> | <u>\$ 3,554,634</u> |

The Town issued a bond anticipation note in the amount of \$832,000 with an interest rate of 2.95%. The full amount of the bond is due September 7, 2012. The total amount was used to refinance the unpaid portion of the bond anticipation notes from the previous year.

The Town issued a general obligation note in the amount of \$1,975,000 with an interest rate of 2.125%. The full amount of the bond is due September 7, 2012. The total amount of this bond will be used for the bridge reconstruction project.

Of the total amount of the new notes above, \$2,537,000 will be refinanced at that time with a new bond anticipation note (see Note 14 – Subsequent Events). Therefore, this has been treated as long-term debt in these financial statements.

General obligation bonds currently outstanding are as follows:

| <u>Purpose</u> | <u>Original Amount</u> | <u>Matures in Year Ending</u> | <u>Interest Rates</u> | <u>Amount</u> |
|---------------------|----------------------------|-----------------------------------|---------------------------|---------------|
| School Construction | \$ 7,025,000 | 2014 | 2.00%-5.00% | \$ 1,090,000 |

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

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------|---------------------|------------------|
| 2013 | \$ 550,000 | \$ 49,050 |
| 2014 | <u>540,000</u> | <u>27,000</u> |
| | <u>\$ 1,090,000</u> | <u>\$ 76,050</u> |

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

Post Closure Landfill Costs

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

Note 9 – Equity

Restricted Net Assets

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

| | <u>Expendable</u> |
|---|-------------------|
| Restricted collection of the Town Clerk | \$ 38,419 |
| Water study (STEAP grant) | 195,101 |
| Recreation courts (STEAP grant) | 300 |
| Inland wetland mitigation | <u>11,169</u> |
| | <u>\$ 244,989</u> |

Fund Balances

See Note 14 for additional information related to the Town’s fund balances and fund balance transfers, which were authorized subsequent to June 30, 2012.

Nonspendable Fund Balance is summarized as follows:

| | <u>Other Funds</u> |
|-----------|--------------------|
| Inventory | <u>\$ 9,059</u> |

Restricted Fund Balance is summarized as follows:

| | <u>General Fund</u> | <u>Capital Nonrecurring Fund</u> | <u>Other Funds</u> |
|---|---------------------|----------------------------------|--------------------|
| Restricted collection of the Town Clerk | \$ 38,419 | \$ - | \$ - |
| Water study (STEAP grant) | - | 195,101 | - |
| Recreation courts (STEAP grant) | - | 300 | - |
| Inland wetland mitigation | <u>-</u> | <u>-</u> | <u>11,169</u> |
| | <u>\$ 38,419</u> | <u>\$ 195,401</u> | <u>\$ 11,169</u> |

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

Committed Fund Balance is summarized as follows:

| | <u>General Fund</u> | <u>Capital Nonrecurring Fund</u> | <u>Bridge Fund</u> |
|--------------------------|-------------------------|--|------------------------|
| Subsequent year's budget | \$ 397,061 | \$ - | \$ - |
| Future capital projects | - | 911,174 | - |
| Bridge reconstruction | - | - | 1,745,096 |
| | <u>\$ 397,061</u> | <u>\$ 911,174</u> | <u>\$ 1,745,096</u> |

Assigned Fund Balance is summarized as follows:

| | <u>General Fund</u> | <u>Capital Nonrecurring Fund</u> | <u>Other Funds</u> |
|-----------------------------|-------------------------|--|------------------------|
| Educational purposes | \$ - | \$ - | \$ 54,402 |
| General government purposes | 251,389 | 130,000 | - |
| Capital projects | - | 852,517 | - |
| | <u>\$ 251,389</u> | <u>\$ 982,517</u> | <u>\$ 54,402</u> |

Note 10 – Employee Retirement Plans

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

Board of Education Pension Plans

Plan #2119

Eligibility in the plan is limited to secretaries, custodians, and the cafeteria administrator all of whom must have completed one-half year of service and have attained the age of twenty and one-half. Participants may contribute voluntarily to the plan. The Town annually contributes an amount equal to 10% of each participant's compensation. Participants are fully vested immediately upon participation in the plan. For the year ended June 30, 2012, the Town contributed \$28,036 to the plan. The plan is administered by National Retirement Services, Inc.

Plan #30027

Eligibility in the Board of Education CNBU Money Purchase plan is limited to those employees of the Board of Education who are not participants in the Board of Education Pension Plan above. All participants must have completed six months of service and must have attained age twenty and one-half. Participants may contribute voluntarily to the plan. The Town annually contributes 14% of each participant's compensation. Participants are fully vested immediately upon participation in the plan. For the year ended June 30, 2012, the Town contributed \$58,734 to the plan. The plan is administered by National Retirement Services, Inc.

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

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, 2012, the Town contributed \$78,923 to the plan all of which is allocated to the participants' individual retirement. The plan is administered by the Town.

Teachers' Retirement System

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

Covered Employees

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

Vesting Requirements

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

Pension Contribution Requirements/Amounts by State

The pension contributions made by the State to the plan are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z. For the fiscal year ended June 30, 2012, approximately \$1,188,044 was expended by the State on behalf of the Town to meet the State's funding requirements. The results of the State's actuarial valuation did not contain information, which would show the development of the State's actuarial cost by local districts. The State's appropriation represented 20.54% of the total estimated payroll.

Participants are required to contribute 7.25% of their annual salary rate to the system as required by CGS Section 10-183b (7). For the 2011/2012 school year, \$419,344 mandatory contributions were deducted from the salaries of teachers who were participants of the plan during that school year. The estimated covered payroll for the Town is \$5,784,053.

Note 11 – Risk Management

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

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

Note 12 – Contingent Liabilities and Commitments

Grants

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

School Building Grants

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

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

Various Lawsuits

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

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

Note 13 – Other Post Employment Benefits (OPEB)

Plan Description

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

Eligibility 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.

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 Board.

Actuarial Assumptions and Methods

| | |
|-----------------------|--|
| Latest Actuarial Date | July 1, 2010 |
| Actuarial Cost Method | Projected Unit Credit |
| Discount Rate | 4.00% |
| Payroll Growth Rate | 4.50% |
| Medical Inflation | Initial rate of 9.5% grading down to an ultimate inflation rate of 5% over a 10 year period. |
| Amortization Method | Open, level percentage of projected payroll over 30 years. |
| Mortality Table | RP-2000 Health Mortality Table projected generationally with Scale AA. |
| Disability Rates | None assumed. |
| Turnover | Teachers and Administrators – rates based on gender and length of service for the first ten years and gender and age thereafter. All others – rates based on age. |

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

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

Schedule of Funding Progress

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

Schedule of Employer Contributions

The schedule of employer contributions is as follows:

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

Annual Required Contribution (ARC)

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

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

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

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

The annual calculation of Annual Required Cost (ARC) and Net OPEB Obligation (NOO) is as follows:

| | |
|------------------------------------|-------------------|
| Past Service Cost | \$ 302,941 |
| Prior Year Adjustment | (272,000) |
| Normal Cost | 101,896 |
| Interest | <u>16,193</u> |
| Annual Required Contribution (ARC) | <u>\$ 149,030</u> |

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

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) | \$ 149,030 |
| Interest on net OPEB obligation | 18,518 |
| Adjustment to annual required contribution | <u>(14,958)</u> |
| Annual OPEB cost (AOC) | 152,590 |
| Contributions made | <u>(189,390)</u> |
| Decrease in net OPEB obligation | (36,800) |
| Net OPEB obligation, beginning of year | <u>734,962</u> |
| Net OPEB obligation, end of year | <u>\$ 698,162</u> |

Trend Information

| <u>Fiscal Year</u> <u>Ending</u> | <u>Annual OPEB</u> <u>Cost (AOC)</u> | <u>Actual</u> <u>Contribution</u> <u>Made</u> | <u>Percentage of</u> <u>AOC Contributed</u> | <u>Net OPEB</u> <u>Obligation</u> |
|-------------------------------------|---|---|--|--------------------------------------|
| 6/30/12 | \$ 152,590 | \$ 189,390 | 124.0% | \$ 698,162 |
| 6/30/11 | 422,537 | 155,575 | 37.0% | 734,962 |
| 6/30/10 | 385,000 | 189,000 | 49.0% | 468,000 |
| 6/30/09 | 273,000 | 137,000 | 50.0% | 272,000 |

Other Disclosures

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

Note 14 – Subsequent Events

On September 7, 2012, the Town refinanced the \$832,000 bond anticipation note and the \$1,975,000 general obligation note. The Town repaid \$270,000 and issued a new bond anticipation note in the amount of \$2,537,000 due June 6, 2013 with a fixed interest rate of 2.0%.

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

At a special Town Meeting on December 17, 2012, \$999,362 of unused fund balance of the Capital Nonrecurring Fund was authorized to be transferred to the Unassigned Fund Balance of the General Fund. Such unused fund balance in the Capital Nonrecurring Fund related to (i) surplus fund balances of completed capital projects, (ii) fund balance assigned to future capital projects but not earmarked for specific capital projects, and (iii) fund balance related to the Board of Education OPEB, which is no longer considered necessary.

The following is a summary of the effects of the \$999,362 fund balance transfer, on a pro forma basis, as if the fund balance transfer had occurred on June 30, 2012:

| <u>General Fund - Fund Balance:</u> | General Fund | Pro Forma Adjustments | General Fund Pro Forma Basis |
|-------------------------------------|-------------------------|--------------------------|------------------------------------|
| Restricted | \$ 38,419 | \$ - | \$ 38,419 |
| Committed | 397,061 | - | 397,061 |
| Assigned | 251,389 | - | 251,389 |
| Unassigned | <u>357,606</u> | <u>999,362</u> | <u>1,356,968</u> |
| Total General Fund | <u>\$ 1,044,475</u> | <u>\$ 999,362</u> | <u>\$ 2,043,837</u> |

| <u>Capital Nonrecurring Fund - Fund Balance:</u> | Capital Nonrecurring Fund | Pro Forma Adjustments | Capital Nonrecurring Pro Forma Basis |
|--|---------------------------------|--------------------------|---|
| Restricted | \$ 195,401 | \$ (300) | \$ 195,101 |
| Committed | 911,174 | (16,545) | 894,629 |
| Assigned | <u>982,514</u> | <u>(982,514)</u> | <u>-</u> |
| Total Capital Nonrecurring Fund | <u>\$ 2,089,092</u> | <u>\$ (999,362)</u> | <u>\$ 1,089,730</u> |

**SUPPLEMENTAL
STATEMENTS AND SCHEDULES**

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES - (BUDGET AND ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | | Actual | Variance With Final Budget Positive (Negative) |
|--|-------------------|-----------|-------------------|-------------------|--|
| | Original | Transfers | Final | | |
| Revenues: | | | | | |
| Taxes, interest and lien fees: | | | | | |
| General property taxes - current | \$ 12,314,349 | \$ - | \$ 12,314,349 | \$ 12,348,652 | \$ 34,303 |
| General property taxes - past | 200,000 | - | 200,000 | 123,536 | (76,464) |
| Supplemental motor vehicles | 70,000 | - | 70,000 | 86,323 | 16,323 |
| Interest and lien fees | 110,000 | - | 110,000 | 116,117 | 6,117 |
| | <u>12,694,349</u> | <u>-</u> | <u>12,694,349</u> | <u>12,674,628</u> | <u>(19,721)</u> |
| Use of town money | <u>12,000</u> | <u>-</u> | <u>12,000</u> | <u>2,400</u> | <u>(9,600)</u> |
| Intergovernmental revenues: | | | | | |
| Education cost sharing | 2,892,440 | - | 2,892,440 | 2,892,545 | 105 |
| Casino revenue | 888,708 | - | 888,708 | 889,592 | 884 |
| School bond - principal reimbursement | 332,348 | - | 332,348 | 332,349 | 1 |
| State aid for town road | 121,094 | - | 121,094 | 121,976 | 882 |
| Local and vocational transportation | 51,954 | - | 51,954 | 56,564 | 4,610 |
| Excess special education / state agency placement | 55,060 | - | 55,060 | 55,838 | 778 |
| Local capital improvement program | 49,283 | - | 49,283 | 25,000 | (24,283) |
| Police reimbursement | 45,000 | - | 45,000 | 56,440 | 11,440 |
| School bond - interest reimbursement | 31,640 | - | 31,640 | 31,641 | 1 |
| Telecommunications revenue share | 25,000 | - | 25,000 | 16,417 | (8,583) |
| Reimbursement for Untaxed State Property (PILOT) | 23,477 | - | 23,477 | 23,487 | 10 |
| Elderly exemption reimbursement | 31,000 | - | 31,000 | 34,634 | 3,634 |
| Magnet school transportation | 14,300 | - | 14,300 | 9,100 | (5,200) |
| Regional adult education | 6,992 | - | 6,992 | 6,981 | (11) |
| Veterans exemption reimbursement | 5,600 | - | 5,600 | 5,856 | 256 |
| JAG Grant | 5,000 | - | 5,000 | - | (5,000) |
| Records preservation | 3,000 | - | 3,000 | 3,499 | 499 |
| Non-public nurse reimbursement | 6,821 | - | 6,821 | 3,860 | (2,961) |
| Disabled exemption reimbursement | 425 | - | 425 | 406 | (19) |
| Local capital improvement program reserve | 1 | - | 1 | - | (1) |
| STEAP program | 379,100 | - | 379,100 | 180,409 | (198,691) |
| Additional special education grant | 47,196 | - | 47,196 | - | (47,196) |
| Registrar of voters | 1 | - | 1 | - | (1) |
| FEMA storm reimbursement | 283,002 | - | 283,002 | 292,736 | 9,734 |
| Boombridge road | 279,900 | - | 279,900 | 64,768 | (215,132) |
| Real estate conveyance | 52,930 | - | 52,930 | - | (52,930) |
| Retail sales | 6,021 | - | 6,021 | - | (6,021) |
| Room occupancy | 82,947 | - | 82,947 | - | (82,947) |
| Leaf program | - | - | - | 5,759 | 5,759 |
| Unclaimed property | - | - | - | 11,734 | 11,734 |
| Other | - | - | - | 7 | 7 |
| | <u>5,720,240</u> | <u>-</u> | <u>5,720,240</u> | <u>5,121,598</u> | <u>(598,642)</u> |
| Licenses, fees, fines and charges: | | | | | |
| Licenses, permits, conveyance taxes | 80,000 | - | 80,000 | 77,550 | (2,450) |
| Recreation Commission | 50,000 | - | 50,000 | 47,562 | (2,438) |
| Building Official | 40,000 | - | 40,000 | 30,923 | (9,077) |
| Town Clerk restoration fees | 3,000 | - | 3,000 | 1,171 | (1,829) |
| Sanitation | 1,200 | - | 1,200 | 740 | (460) |
| | <u>174,200</u> | <u>-</u> | <u>174,200</u> | <u>157,946</u> | <u>(16,254)</u> |

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
 SCHEDULE OF REVENUES - (BUDGET AND ACTUAL) (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | | Actual | Variance With Final Budget Positive (Negative) |
|---|----------------------|-------------|----------------------|----------------------|--|
| | Original | Transfers | Final | | |
| Other revenues: | | | | | |
| Contractor's tipping fees | \$ 108,000 | \$ - | \$ 108,000 | \$ 118,581 | \$ 10,581 |
| Transfer stickers | 1 | - | 1 | - | (1) |
| Rent Hewitt Property | 40,800 | - | 40,800 | 40,114 | (686) |
| Sale of town vehicles | 2,000 | - | 2,000 | 4,250 | 2,250 |
| Bulk waste fees | 1 | - | 1 | - | (1) |
| Sanitary landfill - sale of recyclables | 22,500 | - | 22,500 | 29,127 | 6,627 |
| SCRRRA subsidy | 10,665 | - | 10,665 | 10,839 | 174 |
| Miscellaneous | 5,001 | - | 5,001 | 20,165 | 15,164 |
| Zoning Enforcement Officer | 3,200 | - | 3,200 | 3,391 | 191 |
| Town engineering - road inspection | 1 | - | 1 | - | (1) |
| Planning and zoning | 1,500 | - | 1,500 | 1,703 | 203 |
| LoCIP Town Clerk | 2,500 | - | 2,500 | 6,677 | 4,177 |
| Inland wetlands | 800 | - | 800 | 610 | (190) |
| Assessor's Office | 700 | - | 700 | 35,504 | 34,804 |
| GIS services | 500 | - | 500 | 303 | (197) |
| Conservation Commission | 1 | - | 1 | - | (1) |
| Canine account | 50 | - | 50 | 338 | 288 |
| Fire Marshall | 50 | - | 50 | - | (50) |
| Cemetery reimbursement | 1 | - | 1 | 2,089 | 2,088 |
| Sale of fixed assets | 1 | - | 1 | - | (1) |
| Transfer in deobligated capital projects | 1 | - | 1 | 182,175 | 182,174 |
| Insurance reimbursement | 1 | - | 1 | 8,689 | 8,688 |
| CIRMA credits | - | - | - | 8,972 | 8,972 |
| | <u>198,274</u> | <u>-</u> | <u>198,274</u> | <u>473,527</u> | <u>275,253</u> |
| Total revenues | <u>\$ 18,799,063</u> | <u>\$ -</u> | <u>\$ 18,799,063</u> | <u>\$ 18,430,099</u> | <u>\$ (368,964)</u> |

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL)
 FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | | Actual | Variance With Final Budget Positive (Negative) |
|---|------------------|---------------|----------------|----------------|--|
| | Original | Transfers | Final | | |
| General Government: | | | | | |
| Salaries: | | | | | |
| First Selectman | \$ 54,497 | \$ - | \$ 54,497 | \$ 57,386 | \$ (2,889) |
| Second Selectman | 2,497 | - | 2,497 | 2,497 | - |
| Third Selectman | 2,497 | - | 2,497 | 2,497 | - |
| Secretary | 49,163 | - | 49,163 | 49,163 | - |
| Bookkeeper | 44,356 | - | 44,356 | 44,356 | - |
| Boards of Commissions Clerical | 250 | - | 250 | 246 | 4 |
| Selectmen's expenditures | 2,500 | - | 2,500 | 2,757 | (257) |
| Office expenditures | 2,000 | - | 2,000 | 1,583 | 417 |
| Council of Small Towns | 825 | - | 825 | 825 | - |
| Certifications / seminars | 250 | - | 250 | 115 | 135 |
| SE CT Council of Governments | 2,496 | - | 2,496 | 2,496 | - |
| Auditing and accounting / consulting | 3,000 | - | 3,000 | 3,000 | - |
| | <u>164,331</u> | <u>-</u> | <u>164,331</u> | <u>166,921</u> | <u>(2,590)</u> |
| Probate court expenditures | <u>2,000</u> | <u>-</u> | <u>2,000</u> | <u>1,794</u> | <u>206</u> |
| Board of Finance: | | | | | |
| Operating expenditures | 500 | 6,500 | 7,000 | 6,418 | 582 |
| Auditing | 23,700 | - | 23,700 | 23,625 | 75 |
| Town Report | - | - | - | - | - |
| | <u>24,200</u> | <u>6,500</u> | <u>30,700</u> | <u>30,043</u> | <u>657</u> |
| Assessor's Office: | | | | | |
| Salaries: | | | | | |
| Assessor | 62,719 | - | 62,719 | 62,719 | - |
| Assessor assistant | 42,966 | - | 42,966 | 42,966 | - |
| Office expenses | 2,500 | - | 2,500 | 1,959 | 541 |
| Seminars | - | - | - | - | - |
| Computer | 9,225 | - | 9,225 | 4,837 | 4,388 |
| Other | - | - | - | 2,503 | (2,503) |
| Consulting | - | - | - | - | - |
| | <u>117,410</u> | <u>-</u> | <u>117,410</u> | <u>114,984</u> | <u>2,426</u> |
| Board of Tax Review / Assessment Appeals | <u>2,000</u> | <u>-</u> | <u>2,000</u> | <u>1,548</u> | <u>452</u> |
| Tax Collector: | | | | | |
| Salaries: | | | | | |
| Tax Collector | 32,296 | - | 32,296 | 33,306 | (1,010) |
| Clerical | 4,305 | - | 4,305 | 3,700 | 605 |
| Office expenditures | 6,466 | - | 6,466 | 6,455 | 11 |
| Computer | 6,850 | - | 6,850 | 6,802 | 48 |
| Travel expenditures | 150 | - | 150 | 150 | - |
| | <u>50,067</u> | <u>-</u> | <u>50,067</u> | <u>50,413</u> | <u>(346)</u> |
| Town Treasurer: | | | | | |
| Salary | 6,430 | - | 6,430 | 6,430 | - |
| Office expenditures | 1 | - | 1 | - | 1 |
| Travel expenditures | 1 | - | 1 | - | 1 |
| | <u>6,432</u> | <u>-</u> | <u>6,432</u> | <u>6,430</u> | <u>2</u> |
| Town Attorney | <u>35,000</u> | <u>8,000</u> | <u>43,000</u> | <u>35,273</u> | <u>7,727</u> |
| Annexation Related Expenditures: | | | | | |
| Annexation related expenditures | 2,000 | - | 2,000 | 2,000 | - |
| Tribal recognition | 2,000 | 20,000 | 22,000 | 22,000 | - |
| | <u>4,000</u> | <u>20,000</u> | <u>24,000</u> | <u>24,000</u> | <u>-</u> |

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL) (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | | Actual | Variance With Final Budget Positive (Negative) |
|--|------------------|---------------|----------------|----------------|--|
| | Original | Transfers | Final | | |
| Town Clerk: | | | | | |
| Salaries: | | | | | |
| Town Clerk | \$ 42,876 | \$ - | \$ 42,876 | \$ 44,433 | \$ (1,557) |
| Assistant | 12,915 | 3,500 | 16,415 | 15,338 | 1,077 |
| Office expenses | 6,500 | (2,367) | 4,133 | 3,779 | 354 |
| Travel expenditures | 50 | - | 50 | - | 50 |
| Land records | 7,200 | - | 7,200 | 7,114 | 86 |
| | <u>69,541</u> | <u>1,133</u> | <u>70,674</u> | <u>70,664</u> | <u>10</u> |
| Planning and Zoning Commission: | | | | | |
| Salaries: | | | | | |
| Zoning Officer | 53,580 | - | 53,580 | 55,667 | (2,087) |
| Assistant | 35,720 | - | 35,720 | 35,218 | 502 |
| Operating expenditures | 6,250 | (1,607) | 4,643 | 4,441 | 202 |
| Travel expenditures | 750 | - | 750 | 671 | 79 |
| Attorney | 25,000 | 20,000 | 45,000 | 34,182 | 10,818 |
| Contracted consulting services | 2,000 | - | 2,000 | 1,328 | 672 |
| Contracted planner | 1 | - | 1 | - | 1 |
| | <u>123,301</u> | <u>18,393</u> | <u>141,694</u> | <u>131,507</u> | <u>10,187</u> |
| Building Department: | | | | | |
| Salaries: | | | | | |
| Building Official | 28,100 | - | 28,100 | 29,101 | (1,001) |
| Consultant | - | - | - | - | - |
| Operating expenditures | 1,000 | (500) | 500 | 405 | 95 |
| Travel expenditures | 2,025 | - | 2,025 | 829 | 1,196 |
| | <u>31,125</u> | <u>(500)</u> | <u>30,625</u> | <u>30,335</u> | <u>290</u> |
| Zoning Board of Appeals | | | | | |
| | <u>1,500</u> | <u>-</u> | <u>1,500</u> | <u>1,230</u> | <u>270</u> |
| School Building and Planning Committee: | | | | | |
| Permanent School Building | | | | | |
| Committee | 100 | - | 100 | - | 100 |
| Ad Hoc School Building | | | | | |
| Committee | 100 | 13,200 | 13,300 | 13,200 | 100 |
| | <u>200</u> | <u>13,200</u> | <u>13,400</u> | <u>13,200</u> | <u>200</u> |
| Economic Development Commission: | | | | | |
| Operating expenditures | 2,350 | - | 2,350 | 498 | 1,852 |
| CT Regional Economic | | | | | |
| Development | 2,647 | - | 2,647 | 2,307 | 340 |
| Consulting | 6,000 | - | 6,000 | 4,800 | 1,200 |
| | <u>10,997</u> | <u>-</u> | <u>10,997</u> | <u>7,605</u> | <u>3,392</u> |
| Recreation Commission: | | | | | |
| Salaries: | | | | | |
| Administrative | 21,635 | - | 21,635 | 23,334 | (1,699) |
| Camp Directors, Directors, etc. | 13,500 | - | 13,500 | 13,204 | 296 |
| Program expenditures | 49,210 | - | 49,210 | 48,803 | 407 |
| Maintenance | 3,700 | - | 3,700 | 3,554 | 146 |
| Administrative expenditures | 8,790 | - | 8,790 | 8,780 | 10 |
| | <u>96,835</u> | <u>-</u> | <u>96,835</u> | <u>97,675</u> | <u>(840)</u> |
| Inland Wetlands Commission: | | | | | |
| Operating expenditures | 750 | - | 750 | 750 | - |
| Wages - Enforcement Officer | 6,622 | - | 6,622 | 6,622 | - |
| Travel expenditures | 250 | - | 250 | 62 | 188 |
| | <u>7,622</u> | <u>-</u> | <u>7,622</u> | <u>7,434</u> | <u>188</u> |
| Conservation Commission | | | | | |
| | <u>300</u> | <u>-</u> | <u>300</u> | <u>50</u> | <u>250</u> |

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL) (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | | Actual | Variance With Final Budget Positive (Negative) |
|--|------------------|-----------------|----------------|----------------|--|
| | Original | Transfers | Final | | |
| Water Pollution Control Authority: | | | | | |
| WPCA expenditures | \$ 1 | \$ - | \$ 1 | \$ - | \$ 1 |
| WPCA engineering expense | 1 | - | 1 | - | 1 |
| WPCA auditing | 1 | - | 1 | - | 1 |
| | <u>3</u> | <u>-</u> | <u>3</u> | <u>-</u> | <u>3</u> |
| Fixed Charges: | | | | | |
| Town insurance | 62,500 | - | 62,500 | 61,213 | 1,287 |
| Volunteer fire co. insurance | 26,500 | (7,300) | 19,200 | 19,136 | 64 |
| Ambulance association insurance | 11,160 | - | 11,160 | 9,568 | 1,592 |
| Workers compensation insurance | 63,565 | - | 63,565 | 61,882 | 1,683 |
| Social security | 107,000 | - | 107,000 | 105,033 | 1,967 |
| Medical insurance | 303,191 | (14,400) | 288,791 | 285,147 | 3,644 |
| Employee benefits - pension | 93,285 | (10,500) | 82,785 | 87,742 | (4,957) |
| Volunteer incentive award - fire company | 24,000 | (950) | 23,050 | 23,045 | 5 |
| Volunteer activity stipend - fire company | 40,000 | - | 40,000 | 40,000 | - |
| Volunteer incentive award - ambulance association | 4,600 | - | 4,600 | 4,600 | - |
| | <u>735,801</u> | <u>(33,150)</u> | <u>702,651</u> | <u>697,366</u> | <u>5,285</u> |
| Elections and Town Meetings: | | | | | |
| Salaries: | | | | | |
| Registrar of Voters | 4,838 | - | 4,838 | 4,838 | - |
| Registrar of Voters | 4,838 | - | 4,838 | 4,838 | - |
| Expenses | 12,850 | 5,500 | 18,350 | 15,893 | 2,457 |
| | <u>22,526</u> | <u>5,500</u> | <u>28,026</u> | <u>25,569</u> | <u>2,457</u> |
| Town Hall: | | | | | |
| Expenditures | 52,900 | 4,475 | 57,375 | 56,719 | 656 |
| Leasing equipment | 11,500 | - | 11,500 | 11,468 | 32 |
| Holly Green rental - court / nursing | 4,300 | - | 4,300 | 3,984 | 316 |
| Holly Green rental - senior center | 1,500 | - | 1,500 | 1,500 | - |
| | <u>70,200</u> | <u>4,475</u> | <u>74,675</u> | <u>73,671</u> | <u>1,004</u> |
| Social Services / Welfare: | | | | | |
| Social Services Coordinator | 7,200 | - | 7,200 | 7,100 | 100 |
| Welfare benefits | 7,200 | - | 7,200 | 7,131 | 69 |
| Pawcatuck Neighborhood Center | 17,500 | - | 17,500 | 17,500 | - |
| Family services | 2,500 | - | 2,500 | 2,500 | - |
| American Red Cross | 1,000 | - | 1,000 | 1,000 | - |
| Women's Center | 2,250 | - | 2,250 | 2,250 | - |
| Frank Olean Regional Center | 2,000 | - | 2,000 | 2,000 | - |
| NL County Assn. / Retarded Citizens | 1,575 | - | 1,575 | 1,575 | - |
| Easter Seals Rehabilitation Center | 1,500 | - | 1,500 | 1,500 | - |
| TVCCA | 1,465 | - | 1,465 | 1,465 | - |
| 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 | - |
| | <u>47,690</u> | <u>-</u> | <u>47,690</u> | <u>47,521</u> | <u>169</u> |
| Selectmen's Engineering Service: | | | | | |
| Engineering for selectmen | 2,500 | 2,500 | 5,000 | 3,904 | 1,096 |
| Inspection of new roads | 1 | - | 1 | - | 1 |
| Water management | 450 | - | 450 | - | 450 |
| Inspection of existing roads | 2,500 | - | 2,500 | 275 | 2,225 |
| | <u>5,451</u> | <u>2,500</u> | <u>7,951</u> | <u>4,179</u> | <u>3,772</u> |

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL) (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | | Actual | Variance With Final Budget Positive (Negative) |
|--|------------------|---------------|------------------|------------------|--|
| | Original | Transfers | Final | | |
| Information Technology: | | | | | |
| Coordinator | \$ 36,559 | \$ - | \$ 36,559 | \$ 36,720 | \$ (161) |
| Office expense | 300 | - | 300 | 256 | 44 |
| On-line GIS maps | 12,329 | - | 12,329 | 12,185 | 144 |
| Computer maintenance | 12,000 | - | 12,000 | 11,999 | 1 |
| | <u>61,188</u> | <u>-</u> | <u>61,188</u> | <u>61,160</u> | <u>28</u> |
| Public Safety: | | | | | |
| 911 dispatching | 52,819 | - | 52,819 | 52,819 | - |
| Volunteer fire company | 98,045 | 5,750 | 103,795 | 103,628 | 167 |
| Fire Marshal | 11,204 | - | 11,204 | 11,204 | - |
| Fire Marshal operating expenditures | 2,000 | - | 2,000 | 1,937 | 63 |
| State troopers | 347,500 | 62,950 | 410,450 | 410,470 | (20) |
| Civil preparedness agency stipend | 6,000 | 950 | 6,950 | 6,950 | - |
| Civil preparedness operating expenditures | 3,000 | - | 3,000 | 2,492 | 508 |
| Maintenance emergency general service contract | 1,800 | - | 1,800 | 1,405 | 395 |
| Animal control salary | 19,490 | - | 19,490 | 19,490 | - |
| Animal control operating expenditures | 6,800 | - | 6,800 | 6,524 | 276 |
| Dog damages | 1 | - | 1 | - | 1 |
| Ambulance association | 225,500 | - | 225,500 | 225,500 | - |
| | <u>774,159</u> | <u>69,650</u> | <u>843,809</u> | <u>842,419</u> | <u>1,390</u> |
| Public Works: | | | | | |
| Highway: | | | | | |
| Local capital improvements | 49,682 | - | 49,682 | 49,682 | - |
| State aided - town roads | 121,094 | - | 121,094 | 121,091 | 3 |
| Town road maintenance | 177,000 | 15,363 | 192,363 | 191,776 | 587 |
| Town garage expenditures | 21,750 | - | 21,750 | 24,386 | (2,636) |
| Machinery and maintenance repairs | 58,500 | - | 58,500 | 58,815 | (315) |
| Street lights | 9,000 | - | 9,000 | 8,116 | 884 |
| Highway foreman | 77,992 | - | 77,992 | 78,984 | (992) |
| Labor | 507,260 | - | 507,260 | 481,674 | 25,586 |
| Supplies | 36,000 | - | 36,000 | 38,055 | (2,055) |
| Diesel and gas (general government) | 77,000 | - | 77,000 | 80,399 | (3,399) |
| Town property - maintenance and improvements | 12,750 | 4,000 | 16,750 | 17,476 | (726) |
| Town property - labor | 9,600 | (4,000) | 5,600 | 1,049 | 4,551 |
| Unemployment | - | - | - | - | - |
| Contracted services | 53,500 | - | 53,500 | 53,810 | (310) |
| | <u>1,211,128</u> | <u>15,363</u> | <u>1,226,491</u> | <u>1,205,313</u> | <u>21,178</u> |
| Sanitary Landfill: | | | | | |
| Labor | 161,952 | - | 161,952 | 158,965 | 2,987 |
| Cover material | 1 | - | 1 | - | 1 |
| State mandated surveys | 3,000 | - | 3,000 | 2,280 | 720 |
| State license fees | 1,650 | - | 1,650 | 2,345 | (695) |
| SCRRA - tipping fees | 180,000 | - | 180,000 | 180,639 | (639) |
| SCRRA - membership fee | 500 | - | 500 | - | 500 |
| Hazardous waste collection | 2,000 | - | 2,000 | - | 2,000 |
| Water sampling / lab testing | 15,000 | - | 15,000 | 17,756 | (2,756) |
| Transfer station expenditures | 10,500 | - | 10,500 | 10,653 | (153) |
| Contractual services | 16,500 | - | 16,500 | 15,120 | 1,380 |
| | <u>391,103</u> | <u>-</u> | <u>391,103</u> | <u>387,758</u> | <u>3,345</u> |
| Total public works | <u>1,602,231</u> | <u>15,363</u> | <u>1,617,594</u> | <u>1,593,071</u> | <u>24,523</u> |

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL) (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | | Actual | Variance With Final Budget Positive (Negative) |
|---|-------------------------|-----------------------|-------------------------|-------------------------|--|
| | Original | Transfers | Final | | |
| Conservation of Health: | | | | | |
| Public Health Nursing / Shoreline | | | | | |
| Visiting Nurse Association | \$ 5,800 | \$ - | \$ 5,800 | \$ 6,403 | \$ (603) |
| Hepatitis B vaccinations | 1,000 | - | 1,000 | - | 1,000 |
| Director of Health | 6,000 | - | 6,000 | 5,859 | 141 |
| Director of Health operating expense | 750 | - | 750 | 193 | 557 |
| Sanitarian food service wages | 6,000 | - | 6,000 | 4,800 | 1,200 |
| Sanitarian well and septic salary | 14,566 | - | 14,566 | 16,181 | (1,615) |
| Sanitarian operating expenses | 425 | - | 425 | - | 425 |
| | <u>34,541</u> | <u>-</u> | <u>34,541</u> | <u>33,436</u> | <u>1,105</u> |
| Senior Citizens: | | | | | |
| Agent for the Elderly wages | 7,200 | - | 7,200 | 7,660 | (460) |
| Agent for the Elderly operating expenditures | 1,200 | - | 1,200 | 500 | 700 |
| Senior citizens center coordinator | 19,868 | - | 19,868 | 20,235 | (367) |
| Senior citizens center - operating expenditures | 25,500 | - | 25,500 | 23,938 | 1,562 |
| | <u>53,768</u> | <u>-</u> | <u>53,768</u> | <u>52,333</u> | <u>1,435</u> |
| Miscellaneous: | | | | | |
| Cemeteries | 2,000 | - | 2,000 | 2,000 | - |
| Tax refunds | 1 | 1,400 | 1,401 | 1,258 | 143 |
| Annual memberships and dues | 3,450 | - | 3,450 | 3,281 | 169 |
| Groton Library | 500 | - | 500 | 500 | - |
| Wheeler Library | 22,750 | - | 22,750 | 22,750 | - |
| Miscellaneous | 500 | - | 500 | 1,064 | (564) |
| | <u>29,201</u> | <u>1,400</u> | <u>30,601</u> | <u>30,853</u> | <u>(252)</u> |
| Total general government expenditures | <u>4,183,620</u> | <u>132,464</u> | <u>4,316,084</u> | <u>4,252,684</u> | <u>63,400</u> |
| Redemption of Debt: | | | | | |
| School building project principal | 565,000 | - | 565,000 | 565,000 | - |
| School building project interest | 71,600 | - | 71,600 | 71,600 | - |
| Fire truck principal | 80,000 | - | 80,000 | 80,000 | - |
| Fire truck interest | 7,126 | - | 7,126 | 7,126 | - |
| Seaport / Hewitt property principal | 83,333 | - | 83,333 | 83,333 | - |
| Seaport / Hewitt property interest | 7,423 | - | 7,423 | 7,423 | - |
| Truck principal | 109,000 | - | 109,000 | 109,000 | - |
| Truck interest | 9,650 | - | 9,650 | 6,562 | 3,088 |
| School boiler principal | 144,667 | - | 144,667 | 144,667 | - |
| School boiler interest | 12,886 | - | 12,886 | 11,378 | 1,508 |
| | <u>1,090,685</u> | <u>-</u> | <u>1,090,685</u> | <u>1,086,089</u> | <u>4,596</u> |
| Education | 12,081,172 | - | 12,081,172 | 11,949,576 | 131,596 |
| Capital outlay: | | | | | |
| Highway Department: | | | | | |
| New or used equipment | 10,550 | - | 10,550 | 10,550 | - |
| Miscellaneous equipment | 5,000 | - | 5,000 | 4,966 | 34 |
| Two dump trucks plus additional truck | 46,800 | - | 46,800 | 46,800 | - |
| Pick up truck | 34,500 | - | 34,500 | 34,500 | - |
| | <u>96,850</u> | <u>-</u> | <u>96,850</u> | <u>96,816</u> | <u>34</u> |
| Transfer station/bulk waste area: | | | | | |
| Transfer station/bulky waste area | 25,000 | - | 25,000 | 25,000 | - |
| Loader overhaul | 12,750 | - | 12,750 | 12,743 | 7 |
| | <u>37,750</u> | <u>-</u> | <u>37,750</u> | <u>37,743</u> | <u>7</u> |

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL) (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | | Actual | Variance With Final Budget Positive (Negative) |
|---|----------------------|-------------------|----------------------|----------------------|--|
| | Original | Transfers | Final | | |
| Capital outlay (continued): | | | | | |
| Selectmen: | | | | | |
| Ambulance Association equipment | \$ 7,500 | \$ - | \$ 7,500 | \$ 7,495 | \$ 5 |
| Computer - Town Hall | 13,500 | - | 13,500 | 13,353 | 147 |
| Dog pound maintenance | 1 | - | 1 | | 1 |
| Recreation basketball / tennis court maintenance | 65,000 | - | 65,000 | 64,964 | 36 |
| Recreation pavilion and reconditioning playing field | 2,000 | - | 2,000 | 2,000 | - |
| Selectmen's office equipment and furniture | 1,250 | - | 1,250 | 1,225 | 25 |
| Town buildings maintenance | 25,000 | - | 25,000 | 25,000 | - |
| Town clerk - records preservation | 7,000 | - | 7,000 | 11,998 | (4,998) |
| Fire company - equipment / hose | 5,000 | - | 5,000 | 5,000 | - |
| Fire company - hurst tool | 15,800 | - | 15,800 | 15,800 | - |
| Fire company - turnout gear | 12,500 | - | 12,500 | 12,338 | 162 |
| Seaport property | 1 | - | 1 | | 1 |
| Wheeler Library roof repairs | 25,000 | - | 25,000 | 25,000 | - |
| Civil preparedness | 2,500 | - | 2,500 | 2,440 | 60 |
| Move to Bridge fund | - | - | - | 269,940 | (269,940) |
| Move to capital - nonrecurring | 250,000 | - | 250,000 | 250,000 | - |
| | <u>432,052</u> | <u>-</u> | <u>432,052</u> | <u>706,553</u> | <u>(274,501)</u> |
| Assessor revaluation expense | 12,000 | - | 12,000 | 12,000 | - |
| Nonrecurring school expenditures | 75,000 | - | 75,000 | 75,000 | - |
| Capital reserve fund | <u>792,100</u> | <u>-</u> | <u>792,100</u> | <u>792,100</u> | <u>-</u> |
| Total capital outlay | <u>1,445,752</u> | <u>-</u> | <u>1,445,752</u> | <u>1,720,212</u> | <u>(274,460)</u> |
| Total expenditures | <u>\$ 18,801,229</u> | <u>\$ 132,464</u> | <u>\$ 18,933,693</u> | <u>\$ 19,008,561</u> | <u>\$ (74,868)</u> |

TOWN OF NORTH STONINGTON, CONNECTICUT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

| | School Lunch Fund | Special Education Grants | Inland Wetland Mitigation | Open Space | Edmund McGowan Scholarship Fund | Scholarships Held by School | Total |
|---|----------------------|--------------------------------|------------------------------|---------------|------------------------------------|--------------------------------|-------------------|
| <u>Assets</u> | | | | | | | |
| Cash and cash equivalents | \$ 22,585 | \$ - | \$ 13,234 | \$ 385 | \$ 266 | \$ - | \$ 36,470 |
| Investments | - | - | - | - | 17,663 | 988 | 18,651 |
| Receivables | 6,655 | - | - | - | - | - | 6,655 |
| Inventory | 9,059 | - | - | - | - | - | 9,059 |
| Due from other funds | - | 16,111 | - | - | - | 5,889 | 22,000 |
| Due from fiduciary funds | - | - | - | - | - | 12,596 | 12,596 |
| Total assets | \$ 38,299 | \$ 16,111 | \$ 13,234 | \$ 385 | \$ 17,929 | \$ 19,473 | \$ 105,431 |
| <u>Liabilities and fund balances</u> | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 14,690 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,690 |
| Deferred revenue | - | 16,111 | - | - | - | - | 16,111 |
| Total liabilities | 14,690 | 16,111 | - | - | - | - | 30,801 |
| Fund Balances: | | | | | | | |
| Unspendable | 9,059 | - | - | - | - | - | 9,059 |
| Restricted | - | - | 11,169 | - | - | - | 11,169 |
| Assigned | 14,550 | - | 2,065 | 385 | 17,929 | 19,473 | 54,402 |
| Total fund balances | 23,609 | - | 13,234 | 385 | 17,929 | 19,473 | 74,630 |
| Total liabilities and fund balances | \$ 38,299 | \$ 16,111 | \$ 13,234 | \$ 385 | \$ 17,929 | \$ 19,473 | \$ 105,431 |

TOWN OF NORTH STONINGTON, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

| | School Lunch Fund | Special Education Grants | Inland Wetland Mitigation | Open Space | Edmund McGowan Scholarship Fund | Scholarships Held by School | Total |
|---|----------------------|--------------------------------|------------------------------|---------------|------------------------------------|--------------------------------|------------------|
| Revenues: | | | | | | | |
| Intergovernmental | \$ 68,673 | \$ 465,056 | \$ - | \$ - | \$ - | \$ - | \$ 533,729 |
| Local revenues | 178,188 | - | 7 | - | 60 | - | 178,255 |
| Total revenues | <u>246,861</u> | <u>465,056</u> | <u>7</u> | <u>-</u> | <u>60</u> | <u>-</u> | <u>711,984</u> |
| Expenditures: | | | | | | | |
| Current expenditures: | | | | | | | |
| Education | 269,668 | 465,056 | - | - | 1,000 | - | 735,724 |
| Total expenditures | <u>269,668</u> | <u>465,056</u> | <u>-</u> | <u>-</u> | <u>1,000</u> | <u>-</u> | <u>735,724</u> |
| Excess of revenues over (under) expenditures | <u>(22,807)</u> | <u>-</u> | <u>7</u> | <u>-</u> | <u>(940)</u> | <u>-</u> | <u>(23,740)</u> |
| Fund balances, beginning of year | <u>46,416</u> | <u>-</u> | <u>13,227</u> | <u>385</u> | <u>18,869</u> | <u>19,473</u> | <u>98,370</u> |
| Fund balances, end of year | <u>\$ 23,609</u> | <u>\$ -</u> | <u>\$ 13,234</u> | <u>\$ 385</u> | <u>\$ 17,929</u> | <u>\$ 19,473</u> | <u>\$ 74,630</u> |

TOWN OF NORTH STONINGTON, CONNECTICUT

COMBINING BALANCE SHEET OF FIDUCIARY FUNDS
PENSION TRUST FUNDS

JUNE 30, 2012

| | General Government Retirement | Board of Education Retirement | Total |
|--|-------------------------------------|-------------------------------------|----------------------------|
| <u>Assets</u> | | | |
| Cash and cash equivalents | \$ 121,344 | \$ - | \$ 121,344 |
| Investments | 1,064,052 | 1,229,542 | 2,293,594 |
| Other receivables | - | 84,087 | 84,087 |
| Total assets | <u>\$ 1,185,396</u> | <u>\$ 1,313,629</u> | <u>\$ 2,499,025</u> |
| <u>Fund Balances</u> | | | |
| Fund Balances: | | | |
| Held in trust for pension benefits and other purposes | <u>\$ 1,185,396</u> | <u>\$ 1,313,629</u> | <u>\$ 2,499,025</u> |
| Total fund balances | <u>\$ 1,185,396</u> | <u>\$ 1,313,629</u> | <u>\$ 2,499,025</u> |

TOWN OF NORTH STONINGTON, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

| | General Government Retirement | Board of Education Retirement | Total |
|---|-------------------------------------|-------------------------------------|---------------------|
| <u>Additions:</u> | | | |
| Contributions | \$ 78,923 | \$ 86,770 | \$ 165,693 |
| Investment earnings: | | | |
| Dividend and interest income | 34,966 | 18,806 | 53,772 |
| Net decrease in fair market value | (127,421) | - | (127,421) |
| Total additions | <u>(13,532)</u> | <u>105,576</u> | <u>92,044</u> |
| <u>Deductions:</u> | | | |
| Distributions | 146,457 | | 146,457 |
| Administrative expenses | - | 6,648 | 6,648 |
| Total deductions | <u>146,457</u> | <u>6,648</u> | <u>153,105</u> |
| Net increase / (decrease) | (159,989) | 98,928 | (61,061) |
| Fund balances, beginning of year | <u>1,345,385</u> | <u>1,214,701</u> | <u>2,560,086</u> |
| Fund balances, end of year | <u>\$ 1,185,396</u> | <u>\$ 1,313,629</u> | <u>\$ 2,499,025</u> |

TOWN OF NORTH STONINGTON, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FIDUCIARY FUNDS - AGENCY FUNDS
 JUNE 30, 2012

| | Student Activity Fund | Performance Bonds | Bicentennial Committee Fund | Total |
|---|-----------------------------|----------------------|-----------------------------------|-------------------|
| <u>Assets</u> | | | | |
| Beginning balance - cash | \$ 26,701 | \$ 92,012 | \$ 2,599 | \$ 121,312 |
| Additions | 273,030 | 13,195 | - | 286,225 |
| Deductions | 281,621 | 16,405 | 1,000 | 299,026 |
| Ending balance - cash | 18,110 | 88,802 | 1,599 | 108,511 |
| Beginning balance - investments | 100,022 | 51,554 | 9,959 | 161,535 |
| Additions | - | 150 | 273 | 423 |
| Deductions | - | - | - | - |
| Ending balance - investments | 100,022 | 51,704 | 10,232 | 161,958 |
| Total assets | \$ 118,132 | \$ 140,506 | \$ 11,831 | \$ 270,469 |
| <u>Liabilities</u> | | | | |
| Beginning balance - due to student groups | \$ 114,126 | \$ - | \$ - | \$ 114,126 |
| Additions | 273,030 | - | - | 273,030 |
| Deductions | 281,621 | - | - | 281,621 |
| Ending balance - due to student groups | 105,535 | - | - | 105,535 |
| Beginning balance - due to developers | - | 143,566 | - | 143,566 |
| Additions | - | 13,345 | - | 13,345 |
| Deductions | - | 16,405 | - | 16,405 |
| Ending balance - due to developers | - | 140,506 | - | 140,506 |
| Beginning balance - due to others | - | - | 12,558 | 12,558 |
| Additions | - | - | 273 | 273 |
| Deductions | - | - | 1,000 | 1,000 |
| Ending balance - due to others | - | - | 11,831 | 11,831 |
| Beginning balance - due to other funds | 12,597 | - | - | 12,597 |
| Additions | - | - | - | - |
| Deductions | - | - | - | - |
| Ending balance - due to other funds | 12,597 | - | - | 12,597 |
| Total liabilities | \$ 118,132 | \$ 140,506 | \$ 11,831 | \$ 270,469 |

TOWN OF NORTH STONINGTON, CONNECTICUT

**SCHEDULE OF CHANGES IN FUND BALANCE
CAPITAL NONRECURRING FUND
FOR THE YEAR ENDED JUNE 30, 2012**

| | Beginning Balance | General Fund Budget | Additional Transfers | Internal Transfers | Revenues | Total Available | Expenditures | Reported Fund Balance | Pro Forma Adjustments (Note 14) * | Pro Forma Fund Balance |
|---|----------------------|------------------------|-------------------------|-----------------------|------------------|---------------------|---------------------|-----------------------------|---|------------------------------|
| Restricted fund balance | | | | | | | | | | |
| Water Study 1-95 (STEAP) | \$ 200,000 | \$ - | \$ - | \$ - | \$ - | \$ 200,000 | \$ 4,899 | \$ 195,101 | \$ - | \$ 195,101 |
| Recreation Courts (STEAP) | 179,100 | - | 64,964 | - | - | 244,064 | 243,764 | 300 | (300) | - |
| Total restricted | <u>379,100</u> | <u>-</u> | <u>64,964</u> | <u>-</u> | <u>-</u> | <u>444,064</u> | <u>248,663</u> | <u>195,401</u> | <u>(300)</u> | <u>195,101</u> |
| Committed fund balance | | | | | | | | | | |
| School boiler project | 371,707 | - | - | - | - | 371,707 | 366,177 | 5,530 | (5,530) | - |
| Boombridge | 311,100 | - | - | - | - | 311,100 | 101,526 | 209,574 | - | 209,574 |
| Kingswood Meadow Wood Revaluation | 201,658 | - | (170,205) | - | - | 31,453 | 8,202 | 23,251 | - | 23,251 |
| Storm damage | 159,406 | 12,000 | - | - | - | 171,406 | 132,704 | 38,702 | - | 38,702 |
| Engine 1 fire truck | 122,708 | 200,000 | (3,350) | - | - | 319,358 | 114,564 | 204,794 | - | 204,794 |
| Wash station | 121,610 | - | (120,000) | - | - | 1,610 | - | 1,610 | (1,610) | - |
| Nonrecurring school funds | 118,150 | - | - | - | - | 118,150 | 8,773 | 109,377 | - | 109,377 |
| Transfer station / bulky waste closure | 80,939 | 75,000 | - | - | - | 155,939 | 137,373 | 18,566 | - | 18,566 |
| LoCIP scales | 76,645 | - | - | - | - | 76,645 | 1,760 | 74,885 | - | 74,885 |
| Hewitt property | 38,812 | - | - | - | - | 38,812 | - | 38,812 | - | 38,812 |
| Land acquisition | 33,573 | - | 108,030 | - | - | 141,603 | 6,658 | 134,945 | - | 134,945 |
| Town building repair and maintenance | 10,000 | - | - | - | - | 10,000 | - | 10,000 | - | 10,000 |
| Conservation and development | 7,750 | 25,000 | - | - | - | 32,750 | 31,976 | 774 | - | 774 |
| Village Green bridge | - | 50,000 | - | - | - | 50,000 | 25,000 | 25,000 | - | 25,000 |
| Solar energy | - | - | - | 17,000 | - | 17,000 | 11,051 | 5,949 | - | 5,949 |
| Total committed | <u>1,654,058</u> | <u>362,000</u> | <u>(185,525)</u> | <u>(13,687)</u> | <u>40,092</u> | <u>1,856,938</u> | <u>945,764</u> | <u>911,174</u> | <u>(16,545)</u> | <u>894,629</u> |
| Assigned fund balance | | | | | | | | | | |
| Future projects | 45,948 | 792,100 | - | 13,687 | 782 | 852,517 | - | 852,517 | (852,517) | - |
| Other post-employment benefits | 130,000 | - | - | - | - | 130,000 | - | 130,000 | (130,000) | - |
| Total assigned | <u>175,948</u> | <u>792,100</u> | <u>-</u> | <u>13,687</u> | <u>782</u> | <u>982,517</u> | <u>-</u> | <u>982,517</u> | <u>(982,517)</u> | <u>-</u> |
| Total | <u>\$ 2,209,106</u> | <u>\$ 1,154,100</u> | <u>\$ (120,561)</u> | <u>\$ -</u> | <u>\$ 40,874</u> | <u>\$ 3,283,519</u> | <u>\$ 1,194,427</u> | <u>\$ 2,089,092</u> | <u>\$ (999,362)</u> | <u>\$ 1,089,730</u> |

* See Note 14 to the financial statements for a description of the pro forma adjustments.

TOWN OF NORTH STONINGTON, CONNECTICUT
SUMMARY OF PROJECT BUDGETS (CASH BASIS)
LOCIP FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

| | Beginning Balance | Internal Transfers | Funds Budgeted | Total Available | Monies Received | Pending Receipt * | Ending Balance ** |
|--|----------------------|-----------------------|-------------------|--------------------|--------------------|----------------------|----------------------|
| Projects approved by the state: | | | | | | | |
| Scales | \$ 14,873 | \$ (14,873) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Wintechog Hill Road drainage / improvements | 2,444 | (2,444) | - | - | - | - | - |
| Wintechog Hill Road drainage / paving | 19,750 | (19,750) | - | - | - | - | - |
| Transfer station scales | 30,000 | - | - | 30,000 | - | - | 30,000 |
| Transfer Station building modifications | - | - | 25,000 | 25,000 | - | (2,500) | 22,500 |
| Boombridge Road Bridge | 30,000 | - | - | 30,000 | - | - | 30,000 |
| Pond Drive | - | - | 25,000 | 25,000 | (25,000) | - | - |
| Total approved by the state | <u>97,067</u> | <u>(37,067)</u> | <u>50,000</u> | <u>110,000</u> | <u>(25,000)</u> | <u>(2,500)</u> | <u>82,500</u> |
| Projects not approved by the state: | | | | | | | |
| Uncommitted | 4,609 | 37,067 | - | 41,676 | - | - | 41,676 |
| Total not approved by the state | <u>4,609</u> | <u>37,067</u> | <u>-</u> | <u>41,676</u> | <u>-</u> | <u>-</u> | <u>41,676</u> |
| Total | <u>\$ 101,676</u> | <u>\$ -</u> | <u>\$ 50,000</u> | <u>\$ 151,676</u> | <u>\$ (25,000)</u> | <u>\$ (2,500)</u> | <u>\$ 124,176</u> |

* Application submitted to State of Connecticut for reimbursement.

** \$123,885 is currently held by State of Connecticut and is available for reimbursement to the Town for eligible LOCIP projects.

TOWN OF NORTH STONINGTON, CONNECTICUT

BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES - (BUDGET AND ACTUAL)
 FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | | Actual | Variance With Final Budget Positive (Negative) |
|----------------------------------|----------------------|-------------|----------------------|----------------------|--|
| | Original | Transfers | Final | | |
| Salaries: | | | | | |
| Central office | \$ 561,847 | \$ - | \$ 561,847 | \$ 558,790 | \$ 3,057 |
| Administrators | 322,844 | 3,206 | 326,050 | 326,050 | - |
| Teachers | 5,483,867 | (110,088) | 5,373,779 | 5,373,737 | 42 |
| Guidance | 137,724 | - | 137,724 | 137,664 | 60 |
| Secretarial | 144,914 | 13,400 | 158,314 | 156,566 | 1,748 |
| Teacher assistants | 277,280 | 21,000 | 298,280 | 297,274 | 1,006 |
| Library / media | 103,520 | - | 103,520 | 103,520 | - |
| Custodial / grounds | 402,775 | 10,891 | 413,666 | 413,665 | 1 |
| Contract negotiations | 24,039 | (24,039) | - | - | - |
| Central office | 232,531 | (103,985) | 128,546 | 128,474 | 72 |
| Contracted services | 62,000 | (27,454) | 34,546 | 32,465 | 2,081 |
| Text books | 13,954 | (2,843) | 11,111 | 11,110 | 1 |
| Library books | 12,730 | - | 12,730 | 12,455 | 275 |
| Instructional supplies | 124,162 | 6,285 | 130,447 | 122,170 | 8,277 |
| Other expenses, schools | 127,195 | 4,425 | 131,620 | 131,334 | 286 |
| Supplies, health | 3,500 | 1,274 | 4,774 | 4,774 | - |
| Transportation | 871,000 | 25,860 | 896,860 | 896,860 | - |
| Heat | 143,729 | (14,473) | 129,256 | 76,702 | 52,554 |
| Utilities | 258,511 | (35,912) | 222,599 | 200,143 | 22,456 |
| Custodial supplies | 62,391 | 99 | 62,490 | 62,489 | 1 |
| Postage | 9,208 | - | 9,208 | 9,207 | 1 |
| Maintenance, buildings & grounds | 200,981 | 121,142 | 322,123 | 322,123 | - |
| Lease of equipment (multi-year) | 31,017 | - | 31,017 | 35,566 | (4,549) |
| Replacement of equipment | 76,332 | 97,562 | 173,894 | 173,894 | - |
| Social security | 190,119 | 3,039 | 193,158 | 193,158 | - |
| Employee benefits | 1,805,077 | (108,188) | 1,696,889 | 1,696,889 | - |
| Employee retirement | 90,139 | (2,000) | 88,139 | 85,692 | 2,447 |
| Student activities | 74,599 | 2,313 | 76,912 | 55,157 | 21,755 |
| Equipment | 23,573 | 81,217 | 104,790 | 104,790 | - |
| Tuition | 209,614 | 37,269 | 246,883 | 226,858 | 20,025 |
| Total expenditures | \$ 12,081,172 | \$ - | \$ 12,081,172 | \$ 11,949,576 | \$ 131,596 |

TOWN OF NORTH STONINGTON, CONNECTICUT

**STATEMENT OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES SECTION 7.374(B)
FOR THE YEAR ENDED JUNE 30, 2012**

| | |
|---|-----------------------------|
| Total tax collection including interest and lien fees for the year ended June 30, 2012 | \$ 12,649,403 |
| Reimbursement for revenue loss: | |
| Tax Relief for Elderly | 34,634 |
| Base | <u><u>\$ 12,684,037</u></u> |

| | General | Schools | Sewers | Urban Renewal | Pension Deficit |
|---|----------------|----------------|---------------|--------------------------|----------------------------|
| Debt Limitation: | | | | | |
| 2 1/4 times base | \$ 28,539,083 | \$ | \$ | \$ | \$ |
| 4 1/2 times base | | 57,078,167 | | | |
| 3 3/4 times base | | | 47,565,139 | | |
| 3 1/4 times base | | | | 41,223,120 | |
| 3 times base | | | | | 38,052,111 |
| Total debt limitation | 28,539,083 | 57,078,167 | 47,565,139 | 41,223,120 | 38,052,111 |
| Indebtedness: | | | | | |
| School bonds | - | 1,090,000 | - | - | - |
| Bond anticipation notes payable | 542,667 | 289,333 | - | - | - |
| General obligation note payable | 1,975,000 | - | - | - | - |
| Total indebtedness | 2,517,667 | 1,379,333 | - | - | - |
| Debt limitation in excess of outstanding and authorized debt | \$ 26,021,416 | \$ 55,698,834 | \$ 47,565,139 | \$ 41,223,120 | \$ 38,052,111 |

TOWN OF NORTH STONINGTON, CONNECTICUT

**REPORT OF THE TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2012**

| Grand List October 1, | Taxes Receivable (as adjusted) July 1, 2011 | Lawful Corrections | | Suspense Transfers | Adjusted Taxes Receivable | Collections | | | Taxes Receivable June 30, 2012 |
|----------------------------------|--|---------------------------|-------------------|-------------------------------|--|----------------------|-------------------------------|----------------------|---|
| | | Additions | Deductions | | | Taxes | Interest and Liens | Total | |
| 2010 | \$ 12,727,164 | \$ 15,014 | \$ 40,866 | \$ - | \$ 12,701,312 | \$ 12,383,351 | \$ 42,238 | \$ 12,425,589 | \$ 317,961 |
| 2009 | 248,258 | - | 3,037 | - | 245,221 | 147,120 | 36,753 | 183,873 | 98,101 |
| 2008 | 60,107 | - | 932 | - | 59,175 | 25,064 | 8,914 | 33,978 | 34,111 |
| 2007 | 27,936 | - | 495 | - | 27,441 | 4,028 | 1,725 | 5,753 | 23,413 |
| 2006 | 23,700 | - | 111 | - | 23,589 | 653 | 602 | 1,255 | 22,936 |
| 2005 | (915) | - | - | - | (915) | (469) | - | (469) | (446) |
| 2004 | (4,405) | - | - | - | (4,405) | (338) | - | (338) | (4,067) |
| 2003 | (2,231) | - | - | - | (2,231) | (147) | - | (147) | (2,084) |
| 2002 | (618) | - | - | - | (618) | - | - | - | (618) |
| 2001 | (2,342) | - | - | - | (2,342) | (91) | - | (91) | (2,251) |
| 2000 | (911) | - | - | - | (911) | - | - | - | (911) |
| 1999 | 413 | - | - | - | 413 | - | - | - | 413 |
| 1998 | 2,142 | - | - | - | 2,142 | - | - | - | 2,142 |
| 1997 | 2,117 | - | - | - | 2,117 | - | - | - | 2,117 |
| 1996 | 2,202 | - | - | - | 2,202 | - | - | - | 2,202 |
| 1995 | 3,461 | - | - | - | 3,461 | - | - | - | 3,461 |
| | <u>\$ 13,086,078</u> | <u>\$ 15,014</u> | <u>\$ 45,441</u> | <u>\$ -</u> | <u>\$ 13,055,651</u> | <u>\$ 12,559,171</u> | <u>\$ 90,232</u> | <u>\$ 12,649,403</u> | <u>\$ 496,480</u> |