
TOWN OF NORTH STONINGTON, CONNECTICUT

Annual Financial Statements

For the Year Ended June 30, 2022

TOWN OF NORTH STONINGTON, CONNECTICUT

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Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of North Stonington, Connecticut

Report on the Audit of the Financial Statements

Opinions

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 (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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 of North Stonington, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of North Stonington's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of North Stonington's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

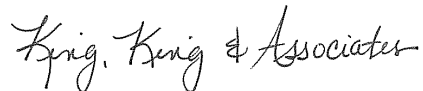
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and OPEB schedules on pages 4-10, and 47-49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023, on our consideration of the Town's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs
Winsted, CT
January 23, 2023

TOWN OF NORTH STONINGTON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

As management of the Town of North Stonington, CT (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town of North Stonington, CT exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$25,233,161 (*net position*). Of this amount, \$181,777 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$1,205,814.
- As of the close of the current fiscal year, the Town of North Stonington, CT's governmental funds reported combined ending fund balances of \$3,814,140, a decrease of \$638,793 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,216,621 or 20.5 percent of total General Fund budgeted expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of North Stonington, CT's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of North Stonington, CT's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the Town of North Stonington, CT is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town of North Stonington, CT that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Town has no business-type activities. The governmental activities of the Town of North Stonington, CT include education, public works, public safety, and general government. Property taxes, state and federal grants, and local revenues such as fees and licenses finance most of these activities.

TOWN OF NORTH STONINGTON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of North Stonington, CT, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of North Stonington, CT can be divided into two categories: governmental funds 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*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of North Stonington, CT, maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Nonrecurring Fund, Capital Projects Fund, Town Special Grant Fund and the School Modernization Project, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of North Stonington, CT, adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-17 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of North Stonington, CT's own programs.

The basic fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-46 of this report.

TOWN OF NORTH STONINGTON, CONNECTICUT

Management's Discussion and Analysis

June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of North Stonington, CT, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25,233,161 at the close of the most recent fiscal year.

SUMMARY STATEMENT OF NET POSITION

	2022	Restated 2021	Variance
Current and Other Assets	\$ 8,232,251	\$ 7,125,582	\$ 1,106,669
Capital Assets	51,877,149	53,180,711	(1,303,562)
Total Assets	<u>60,109,400</u>	<u>60,306,293</u>	<u>(196,893)</u>
Deferred Outflows of Resources	<u>375,980</u>	<u>393,265</u>	<u>(17,285)</u>
Other Liabilities	3,283,035	4,744,886	(1,461,851)
Long-Term Liabilities	<u>29,557,881</u>	<u>30,369,785</u>	<u>(811,904)</u>
Total Liabilities	<u>32,840,916</u>	<u>35,114,671</u>	<u>(2,273,755)</u>
Deferred Inflows of Resources	<u>2,411,303</u>	<u>1,557,540</u>	<u>853,763</u>
Net Position:			
Net Investment in Capital Assets	24,547,765	24,071,299	476,466
Restricted	503,619	599,550	(95,931)
Unrestricted	<u>181,777</u>	<u>(643,502)</u>	<u>825,279</u>
Total Net Position	<u>\$ 25,233,161</u>	<u>\$ 24,027,347</u>	<u>\$ 1,205,814</u>

The largest portion of the Town's net position reflects its investment in capital assets (land, buildings, machinery and equipment, and infrastructure assets such as roads and bridges) less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's restricted net position of \$503,619 decreased by \$95,931 compared to last years restricted net position of \$599,550.

The Town's unrestricted net position of \$181,777 increased by \$825,279 compared to last years unrestricted net position of (\$643,502).

TOWN OF NORTH STONINGTON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

STATEMENT OF CHANGES IN NET POSITION

	2022	2021	Variance
REVENUES			
<i>Program:</i>			
Charges for services	\$ 872,499	\$ 656,404	\$ 216,095
Operating grants and contributions	5,684,398	7,829,012	(2,144,614)
Capital grants and contributions	1,167,753	1,288,570	(120,817)
<i>General:</i>			
Property taxes	16,423,864	15,806,590	617,274
Grants and contributions, not restricted to specific programs	942,438	1,035,626	(93,188)
Unrestricted investment earnings	31,709	4,452	27,257
Other	116,743	218,237	(101,494)
Total Revenues	<u>25,239,404</u>	<u>26,838,891</u>	<u>(1,599,487)</u>
EXPENSES			
<i>Governmental Activities:</i>			
General Government	2,632,673	2,406,128	226,545
Public Works	2,024,203	1,867,213	156,990
Public Safety	1,278,908	1,411,058	(132,150)
Education	17,201,194	20,865,812	(3,664,618)
Interest on long-term debt	896,612	580,839	315,773
Total Expenses	<u>24,033,590</u>	<u>27,131,050</u>	<u>(3,097,460)</u>
Change in Net Position	1,205,814	(292,159)	<u>\$ 1,497,973</u>
Beginning Net Position, Restated	<u>24,027,347</u>	<u>23,785,001</u>	
Ending Net Position	<u>\$ 25,233,161</u>	<u>\$ 23,492,842</u>	

Governmental activities. Governmental activities increased the Town of North Stonington, CT's net position by \$1,205,814.

Sixty-five percent (65%) of the revenues of the Town were derived from property taxes, followed by thirty-one percent (31%) from grants and contributions, three percent (3%) from charges for services and one percent (1%) of the Town's revenue in the fiscal year was derived from investment and other income.

Seventy-two percent (72%) of the expenses of the Town relate to education, eleven percent (11%) relate to general government, eight percent (8%) relate to public works, five percent (5%) relate to public safety, four percent (4%) relating to interest expense.

There was a decrease in both the operating grants and contributions revenues and the education expenses due to a decrease in the on-behalf pension and OPEB benefits recognized by the Town in connection with its participation in the State Teachers Retirement System.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The focus of the Town of North Stonington, CT'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 of North Stonington, CT's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of North Stonington, CT's governmental funds reported combined ending fund balances of \$3,814,140, a decrease of \$638,793 in comparison with the prior year. Fifty-nine percent (59%) of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

General Fund. The General Fund is the chief operating fund of the Town of North Stonington, CT. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,216,621. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 20.5 percent of total General Fund budget basis expenditures.

The fund balance of the Town of North Stonington, CT's General Fund increased by \$544,506 during the current fiscal year. Key factors in this increase are as follows:

- Grants, licenses, permits, charges for services, and investment and other income all came in greater than anticipated.
- Expenditures coming in less than budgeted.

Capital Nonrecurring Fund. The fund balance of the Capital Nonrecurring Fund decreased by \$106,895 during the current fiscal year.

Capital Projects Fund. The fund balance of the Capital Projects Fund decreased by \$144,180 during the current fiscal year. This decrease is primarily attributable to current year expenditures being more than the amount of money transferred in.

Town Special Grant Fund. The fund balance of the Town Special Grant Fund remained zero. All of the grant money that was received was spent during the fiscal year.

School Modernization Project. The fund balance of the School Modernization project increased \$1,118,819. This increase is primarily due to the state grant reimbursement received by the Town in the amount of \$1,167,753.

TOWN OF NORTH STONINGTON, CONNECTICUT

Management's Discussion and Analysis

June 30, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund included the use of fund balance of \$193,999. The actual use of fund balance of the General Fund to balance the budget was \$0. Budgetary revenues were \$272,782 greater than expected due primarily to grants, licenses, permits, and charges for services, and other income being higher than anticipated. Budgetary expenditures were \$732,640 lower than expected due primarily to savings in the public works, public safety, and education categories.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The Town of North Stonington, CT's reported value in capital assets for its governmental activities as of June 30, 2022, amounts to \$51,877,149 (net of accumulated depreciation). This reported value in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

	2022	2021
Land	\$ 953,240	\$ 953,240
Buildings and Improvements	56,127,834	56,127,834
Furniture and Equipment	8,073,243	8,017,097
Infrastructure	3,185,995	3,185,995
Less: Accumulated Depreciation	(16,463,163)	(15,103,455)
Total	<u>\$ 51,877,149</u>	<u>\$ 53,180,711</u>

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

- 2022 Ford F-350
- New Generator

Additional information on the Town of North Stonington, CT's capital assets can be found in Note 6 on page 31 of this report.

Long-term debt. At the end of the current fiscal year, the Town of North Stonington, CT had long-term debt and other liabilities outstanding of \$29,557,881.

	2022	2021
G.O. Bonds	\$ 25,041,898	\$ 25,741,546
Equipment Financing Notes	492,239	632,709
Compensated Absences	240,707	414,274
Post Closure Landfill Costs	18,000	24,000
Self Insurance Benefit Liability	86,792	71,666
Total OPEB Liability	<u>3,678,245</u>	<u>3,485,590</u>
Total	<u>\$ 29,557,881</u>	<u>\$ 30,369,785</u>

The Town of North Stonington, CT's total long-term debt and other liabilities decreased by \$811,904 during the current fiscal year. Additional information on the Town's long-term debt can be found in Note 7 on page 32-33 of this report.

TOWN OF NORTH STONINGTON, CONNECTICUT

Management's Discussion and Analysis

June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- Increased threat of losing State funding will continue to be a variable in our local budget.

All of these factors were considered in preparing the Town of North Stonington, CT's budget for the 2023 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of North Stonington, CT's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Finance, Town of North Stonington, 40 Main Street, North Stonington, CT 06359.

Basic Financial Statements

TOWN OF NORTH STONINGTON, CONNECTICUT

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 5,571,398
Restricted Cash	182,396
Receivables, Net	2,461,626
Prepays	7,232
Other Assets	9,599
Capital Assets:	
Assets Not Being Depreciated	953,240
Assets Being Depreciated, Net	<u>50,923,909</u>
Total Assets	<u>60,109,400</u>
Deferred Outflows of Resources	
Deferred Outflows - OPEB	<u>375,980</u>
Liabilities	
Accounts Payable and Accrued Items	277,103
Accrued Interest Payable	477,882
Unearned Revenue	581,999
Bond Anticipation Notes	1,795,247
Performance Bonds	150,804
Noncurrent Liabilities:	
Due Within One Year	925,083
Due In More Than One Year	<u>28,632,798</u>
Total Liabilities	<u>32,840,916</u>
Deferred Inflows of Resources	
Deferred Inflows - OPEB	1,281,838
Lease Related	<u>1,129,465</u>
Total Deferred Inflows of Resources	<u>2,411,303</u>
Net Position	
Net Investment in Capital Assets	24,547,765
Restricted for:	
Community Development	289,238
Capital	65,308
Education	149,073
Unrestricted	<u>181,777</u>
Total Net Position	<u>\$ 25,233,161</u>

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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 2,632,673	\$ 399,171	\$ 233,813	\$ -	\$ (1,999,689)
Public Safety	1,278,908	9,979	5,000	-	(1,263,929)
Public Works	2,024,203	151,369	484,176	-	(1,388,658)
Education	17,201,194	311,980	4,961,409	1,167,753	(10,760,052)
Interest on Long-Term Debt	896,612	-	-	-	(896,612)
Total Governmental Activities	<u>\$ 24,033,590</u>	<u>\$ 872,499</u>	<u>\$ 5,684,398</u>	<u>\$ 1,167,753</u>	<u>(16,308,940)</u>
General Revenues:					
					16,423,864
					942,438
					31,709
					116,743
					<u>17,514,754</u>
					1,205,814
					<u>24,027,347</u>
					<u>\$ 25,233,161</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, 2022

	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	Town Special Grant Fund	School Modernization Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 5,012,726	\$ 411,380	\$ -	\$ -	\$ 555	\$ 146,737	\$ 5,571,398
Restricted Cash	182,396	-	-	-	-	-	182,396
Receivables, Net of Allowance	2,117,388	-	-	-	-	344,238	2,461,626
Prepays	7,232	-	-	-	-	-	7,232
Other	-	-	-	-	-	9,599	9,599
Due from Other Funds	184,520	4,580	324,469	538,789	-	160,615	1,212,973
Total Assets	<u>\$ 7,504,262</u>	<u>\$ 415,960</u>	<u>\$ 324,469</u>	<u>\$ 538,789</u>	<u>\$ 555</u>	<u>\$ 661,189</u>	<u>\$ 9,445,224</u>
Liabilities							
Accounts Payable and Accrued Items	\$ 265,737	\$ -	\$ -	\$ -	\$ -	\$ 11,366	\$ 277,103
Bond Anticipation Notes	-	-	-	-	1,795,247	-	1,795,247
Unearned Revenue	19,518	-	-	538,789	-	23,692	581,999
Performance Bonds	150,804	-	-	-	-	-	150,804
Due to Other Funds	1,028,453	-	-	-	184,520	-	1,212,973
Total Liabilities	<u>1,464,512</u>	<u>-</u>	<u>-</u>	<u>538,789</u>	<u>1,979,767</u>	<u>35,058</u>	<u>4,018,126</u>
Deferred Inflows of Resources							
Unavailable Revenues:							
Property Taxes and Interest	483,493	-	-	-	-	-	483,493
Lease Related	1,129,465	-	-	-	-	-	1,129,465
Total Deferred Inflows of Resources	<u>1,612,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,612,958</u>
Fund Balances							
Nonspendable	35,832	-	-	-	-	-	35,832
Restricted	-	48,364	16,944	-	-	438,311	503,619
Committed	23,303	367,596	307,525	-	-	187,820	886,244
Assigned	151,036	-	-	-	-	-	151,036
Unassigned	4,216,621	-	-	-	(1,979,212)	-	2,237,409
Total Fund Balances	<u>4,426,792</u>	<u>415,960</u>	<u>324,469</u>	<u>-</u>	<u>(1,979,212)</u>	<u>626,131</u>	<u>3,814,140</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,504,262</u>	<u>\$ 415,960</u>	<u>\$ 324,469</u>	<u>\$ 538,789</u>	<u>\$ 555</u>	<u>\$ 661,189</u>	<u>\$ 9,445,224</u>

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

TOWN OF NORTH STONINGTON, CONNECTICUT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2022

Fund balances reported in governmental funds Balance Sheet	\$ 3,814,140
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
<i>Capital Assets</i>	68,340,312
<i>Depreciation</i>	(16,463,163)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
<i>Property taxes, interest and liens receivable greater than 60 days</i>	483,493
Certain changes related to OPEB are deferred and amortized over time.	
<i>Deferred Outflows - OPEB</i>	375,980
<i>Deferred Inflows - OPEB</i>	(1,281,838)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	
<i>Accrued Interest Payable</i>	(477,882)
<i>Bonds Payable</i>	(25,041,898)
<i>Equipment Financing Notes</i>	(492,239)
<i>Postclosure Landfill Costs</i>	(18,000)
<i>Self Insurance Benefit Liability</i>	(86,792)
<i>Compensated Absences</i>	(240,707)
<i>OPEB Liability</i>	<u>(3,678,245)</u>
Net position of governmental activities	<u>\$ 25,233,161</u>

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, 2022

	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	Town Special Grant Fund	School Modernization Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes, Interest and Lien Fees	\$ 16,387,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,387,724
Intergovernmental Revenues	6,058,244	-	-	228,163	1,167,753	914,452	8,368,612
Charges for Services	423,625	4,580	-	-	-	254,815	683,020
Investment Income	31,709	-	-	-	-	-	31,709
Other Revenue	306,222	-	-	-	-	10,171	316,393
Total Revenues	<u>23,207,524</u>	<u>4,580</u>	<u>-</u>	<u>228,163</u>	<u>1,167,753</u>	<u>1,179,438</u>	<u>25,787,458</u>
Expenditures							
Current:							
General Government	2,181,172	-	-	228,163	-	10,030	2,419,365
Public Safety	932,908	-	-	-	-	-	932,908
Public Works	1,755,036	-	-	-	-	-	1,755,036
Education	16,057,374	111,475	-	-	-	1,019,799	17,188,648
Debt Service	1,382,949	-	158,355	-	36,482	-	1,577,786
Capital Outlay	-	-	339,404	-	12,452	-	351,856
Total Expenditures	<u>22,309,439</u>	<u>111,475</u>	<u>497,759</u>	<u>228,163</u>	<u>48,934</u>	<u>1,029,829</u>	<u>24,225,599</u>
Excess/(Deficiency) of Revenues over Expenditures	898,085	(106,895)	(497,759)	-	1,118,819	149,609	1,561,859
Other Financing Sources/(Uses)							
Transfers In	2,499	-	356,078	-	-	-	358,577
Transfers Out	(356,078)	-	(2,499)	-	-	-	(358,577)
Total Other Financing Sources/(Uses)	<u>(353,579)</u>	<u>-</u>	<u>353,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	544,506	(106,895)	(144,180)	-	1,118,819	149,609	1,561,859
Fund Balances at Beginning of Year, Restated	<u>3,882,286</u>	<u>522,855</u>	<u>468,649</u>	<u>-</u>	<u>(3,098,031)</u>	<u>476,522</u>	<u>2,252,281</u>
Fund Balances at End of Year	<u>\$ 4,426,792</u>	<u>\$ 415,960</u>	<u>\$ 324,469</u>	<u>\$ -</u>	<u>\$ (1,979,212)</u>	<u>\$ 626,131</u>	<u>\$ 3,814,140</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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 1,561,859
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**Amounts reported for governmental activities in the Statement of Activities
are different because:**

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 as depreciation expense.

<i>Capital outlay</i>	93,541
<i>Depreciation expense</i>	(1,390,870)
<i>Loss on disposal</i>	(6,233)

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenue in the funds

<i>Property taxes, interest and liens collected accrual basis change</i>	36,140
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Debt proceeds provide current financial resources to governmental funds, but
issuing debt increases long-term liabilities in the statement of net position.
Repayment of debt principal is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the Statement of Net Position.

<i>Principal payments on long-term debt - general obligation bonds</i>	699,648
<i>Principal payments on long-term debt - equipment financing notes</i>	140,470

Amortization of deferred outflows of resources related to OPEB benefits	(17,285)
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Amortization of deferred inflows of resources related to OPEB benefits	275,702
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Some expenses reported in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures in
the governmental funds.

<i>Accrued Interest</i>	(158,944)
<i>Postclosure Landfill Costs</i>	6,000
<i>Self Insurance Benefit Liability</i>	(15,126)
<i>Compensated Absences</i>	173,567
<i>OPEB Liability</i>	<u>(192,655)</u>

Change in net position of governmental activities	<u>\$ 1,205,814</u>
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The notes to the financial statements are an integral part of this statement

TOWN OF NORTH STONINGTON, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
Revenues				
Property Taxes, Interest, and Lien Fees	\$ 16,410,939	\$ 16,410,939	\$ 16,387,724	\$ (23,215)
Intergovernmental	3,880,405	3,929,286	4,036,597	107,311
Licenses, Fees, Fines, and Charges	307,522	307,522	423,625	116,103
Investment Income	4,200	4,200	31,709	27,509
Other	261,148	261,148	306,222	45,074
Total Revenues	<u>20,864,214</u>	<u>20,913,095</u>	<u>21,185,877</u>	<u>272,782</u>
Expenditures				
Current:				
General Government	238,837	238,837	223,072	15,765
Probate Court	2,806	2,806	2,875	(69)
Board of Finance	23,250	23,250	17,123	6,127
Assessor's Office	128,155	128,705	129,138	(433)
Board of Assessment Appeals	860	860	640	220
Tax Collector	54,076	55,687	53,292	2,395
Town Treasurer	7,964	7,964	7,792	172
Town Attorney	30,000	38,000	37,972	28
Annexation Related	5,000	5,000	5,000	-
Town Clerk	76,524	76,524	76,296	228
Economic Development Commission	7,065	7,065	5,515	1,550
Recreation Commission	116,177	122,787	115,447	7,340
Fixed Charges	965,993	965,993	888,727	77,266
Elections and Town Meetings	33,584	33,584	24,529	9,055
Town Hall	62,669	64,719	62,191	2,528
Social Services/Welfare	38,925	38,925	38,925	-
Selectmen's Engineering Service	2,500	2,500	250	2,250
Information Technology	119,452	119,452	114,160	5,292
Public Safety	1,038,505	1,024,606	932,908	91,698
Public Works	1,811,904	1,860,785	1,755,036	105,749
Conservation of Health	41,310	41,310	40,563	747
Senior Citizens	70,600	70,600	70,170	430
Miscellaneous	107,251	108,939	91,723	17,216
Land Use Department	194,000	194,000	175,772	18,228
Education	14,278,721	14,278,721	13,909,863	368,858
Debt Service	1,382,949	1,382,949	1,382,949	-
Capital Outlay	242,753	356,078	356,078	-
Total Expenditures	<u>21,081,830</u>	<u>21,250,646</u>	<u>20,518,006</u>	<u>732,640</u>
Excess of Revenues Over Expenditures	(217,616)	(337,551)	667,871	1,005,422
Other Financing Sources (Uses)				
Appropriation of Fund Balance	193,999	313,934	-	(313,934)
Transfers In	23,617	23,617	2,499	(21,118)
Total Other Financing Sources (Uses)	<u>217,616</u>	<u>337,551</u>	<u>2,499</u>	<u>(335,052)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 670,370</u>	<u>\$ 670,370</u>

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

TOWN OF NORTH STONINGTON, CONNECTICUT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	Pension Trust Funds
Assets	
Investments, at Fair Value:	
Mutual Funds	\$ 3,174,227
Receivables	<u>108,888</u>
Total Assets	<u>3,283,115</u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
Payables	<u>-</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Restricted for Pension Benefits	<u>\$ 3,283,115</u>

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

TOWN OF NORTH STONINGTON, CONNECTICUT

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2022

	Pension Trust Funds
Additions	
Employer Contributions	\$ 146,070
Employee Contributions	15,390
Investment Income:	
Net Appreciation/(Depreciation) in Fair	
Value of Investments	(301,178)
Interest and Dividends	2,936
Total Investment Income	<u>(298,242)</u>
Total Additions	<u>(136,782)</u>
Deductions	
Distributions	182,137
Administrative Expenses	300
Total Deductions	<u>182,437</u>
Change in Net Position	(319,219)
Net Position at Beginning of Year, Restated	<u>3,602,334</u>
Net Position at End of Year	<u>\$ 3,283,115</u>

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

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of North Stonington, Connecticut (the “Town”) have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing the governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

Reporting Entity

The Town of North Stonington, Connecticut (the “Town”) was incorporated as a town in 1807. The Town operates under 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.

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 the exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The Town does not report any component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statements 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.

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, capital leases, other post-employment benefit obligations, and claims and judgments that are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest, expenditure reimbursement type grants, certain intergovernmental revenues, charges, and transfers associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town or specifically identified.

Governmental Funds are those through which most governmental functions typically are financed. The following are the Town's major governmental funds:

- The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another manner. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for services, and earnings on investments.
- The *Capital Nonrecurring Fund* is used to account for smaller, short-term capital projects that are funded through capital grants or General Fund transfers.
- The *Capital Projects Fund* is used to account for proceeds of bond anticipation notes and general obligation notes used for authorized projects such as acquisition and construction of capital facilities or major repair activities.
- The *Town Special Grant Fund* is a special fund used to account for and report the special activities of the Town in connection with the State and Federal grants related to the ongoing COVID pandemic.
- The *School Modernization Project* is used to record the activity and related bond anticipation notes outstanding for the school modernization project.

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 financial statements. The fiduciary funds are as follows:

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

Estimates

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

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Cash and Cash Equivalents – 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.

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is overseen by the Office of the State Treasurer. The pool is rated AAAM by Standard & Poor's. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool. The fair value of the position in the pool is the same as the value of the pool shares.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund. Trust funds are able to invest in a wider range of investments. Investments are stated at fair value, based on quoted market prices. Certificates of Deposit are reported at cost and excluded from the fair value disclosures.

Fair Value of Financial Instruments - In accordance with GASB Statement No. 72, the Town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

Taxes Receivable- All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Town has established an allowance for uncollectible tax amounts of \$46,000 and uncollectible interest, liens, and fees amounts of \$27,000. Property taxes are assessed as of October 1 and billed the following July. Real property bills are payable in two installments, July 1 and January 1. Motor vehicle and personal property taxes are payable in one installment on July 1, with the motor vehicle supplemental bills payable on January 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Loans Receivable- The Town administers a federally funded residential rehabilitation loan program for low to moderate income families. The loans do not accrue interest and repayment of the loans is deferred. The loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The loans may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2022, loans receivable totaled \$276,162 under this program.

Leases Receivable- The Town's leases receivable are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Due From/To Other Funds - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables and payables. They arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

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

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Buildings and Improvements	75	\$10,000
Trucks	5-20	10,000
Equipment and furniture	5-20	2,000
Electronic equipment	4	2,000
Infrastructure:		
Bridges	75	50,000
Sidewalks	50	10,000
Stone bridge/culverts	50	25,000

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund financial statements.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Long-term obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other 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, and debt payments, are reported as debt service expenditures.

Compensated absences - Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred OPEB expense in the government-wide financial statements. Deferred OPEB expense results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Within the government-wide statement of net position the Town reports as deferred inflows amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of its OPEB plans. These amounts are deferred and included in OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active and inactive employees). The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Fund equity and net position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. In the government-wide statement of net position, net position is classified in the following categories:

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

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

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

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

When both restricted and unrestricted resources are available for certain expenses, the Town expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

Nonspendable Fund Balance – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.

Restricted Fund Balance – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Finance and Town Meeting in accordance with provisions of the Connecticut General Statutes.

Assigned Fund Balance – Indicates amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the approval of a resolution by the Board of Finance or by a properly approved purchase order (encumbrance).

Unassigned Fund Balance – Represents the remaining fund balance after amounts are set aside for all other classifications. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

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.

Encumbrances – In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

TOWN OF NORTH STONINGTON, CONNECTICUT
Notes to the Financial Statements

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

Budgetary Information and Accounting

A formal, legally approved, annual budget is adopted for the General Fund only.

This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

1. The Town does not budget for as revenue or expenditures amounts for the State Teachers' pension and OPEB contributed by the State of Connecticut on the Town's behalf.
2. Encumbrances – Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2022:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses)
Budgetary Basis	\$ 21,185,877	\$ 20,518,006	\$ 2,499
"On-behalf" payments - State			
Teachers' Retirement and OPEB	1,988,799	1,988,799	-
Education Grants net for Budget	32,848	32,848	-
Adjustment for Encumbrances	-	125,864	-
Reclassifications for GAAP Purposes	<u>-</u>	<u>(356,078)</u>	<u>(356,078)</u>
GAAP Basis	<u>\$ 23,207,524</u>	<u>\$ 22,309,439</u>	<u>\$ (353,579)</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, a referendum is held and, if passed, 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.

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

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 expenditures for education, which are, by Connecticut State Statutes, appropriated as one department.

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

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

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository”. The following is a summary of cash and cash equivalents at June 30, 2022.

	Governmental Funds
Cash and Cash Equivalents	\$ 5,571,398
Restricted Cash	182,396
	<u>\$ 5,753,794</u>

Custodial Credit Risk - Deposits: 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 does not have a deposit policy for custodial credit risk. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk-based capital ratio.

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$5,753,794 and the bank balance was \$6,488,987. Of the bank balance, Federal Depository Insurance Corporation insured \$500,000.

As of June 30, 2022, \$5,988,987 of the Town’s bank balance of \$6,488,987 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,340,088
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	648,899
Total	<u>\$ 5,988,987</u>

TOWN OF NORTH STONINGTON, CONNECTICUT
Notes to the Financial Statements

Investments

The following is a summary of investments at June 30, 2022:

	Fiduciary Funds
Mutual Funds	<u>\$ 3,174,227</u>

The following is a summary of assets measured at fair value:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	June 30, 2022			
<u>Description</u>				
Mutual Funds	<u>\$ 3,174,227</u>	<u>\$ 3,174,227</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk - This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town does not have a policy for custodial credit risk.

Credit Risk – The Town does not have an investment policy that limits investment choices further than the Connecticut General Statutes. Generally, credit risk is defined as the risk that an issuer of a debt type investment will not fulfill its obligation to the holder. This is measured by assignment of a rating by a nationally recognized rating organization.

Concentrations of Credit Risk – The Town places no limit on the amount of investment in any one issuer.

Interest Rate Risk - 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 increasing interest rates. Generally, the Town does not invest in any long-term investment obligations.

TOWN OF NORTH STONINGTON, CONNECTICUT
Notes to the Financial Statements

NOTE 4 – RECEIVABLES

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

	General Fund	Nonmajor and Other Funds	Total
Receivables:			
Property Taxes	\$ 559,264	\$ -	\$ 559,264
Interest, Liens, and Fees	154,761	-	154,761
Pension Contributions	-	108,888	108,888
Loans	-	276,162	276,162
Leases	1,158,065	-	1,158,065
Intergovernmental	217,187	68,076	285,263
Accounts	101,111	-	101,111
Gross Receivables	<u>2,190,388</u>	<u>453,126</u>	<u>2,643,514</u>
Less Allowance for			
Uncollectibles:			
Property Taxes	(46,000)	-	(46,000)
Interest, Liens, and Fees	(27,000)	-	(27,000)
Total Allowance	<u>(73,000)</u>	<u>-</u>	<u>(73,000)</u>
Net Total Receivables	<u>\$ 2,117,388</u>	<u>\$ 453,126</u>	<u>\$ 2,570,514</u>

The loans receivable of \$276,162 in the nonmajor governmental funds are long-term receivables and are not expected to be collected within one year.

Governmental funds report unavailable revenue in connection with receivables 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 unearned revenue reported in the governmental funds were as follows:

	Governmental Funds
General Fund:	
Advances on Grants	\$ 19,518
Town Special Grant Fund	
Advances on Grants	538,789
Nonmajor Funds:	
Advances on Grants	<u>23,692</u>
Total Unearned Revenue	<u>\$ 581,999</u>

Leases Receivable

In June 1965, The Town, acting as lessor, entered into a noncancelable property lease agreement for the Wellfield on Hewitt Farm that renews every 25 years, expiring in June 2065. Under the lease, the Town will receive quarterly payments of no less than \$1,000, increasing every five years, based on the June 2020 CPI-U Index.

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

The Town, acting as lessor, leases a property under a long-term noncancelable lease agreement. The agreement includes three renewal terms of 10 years, expiring in 2050. Under the lease, the town will receive guaranteed monthly payments that will increase yearly.

	Discount Rate	Lease Receivable at 6/30/22	Deferred Inflow at 6/30/22
Governmental Activities			
Buon Appetito	2.575%	\$ 791,711	\$ 771,812
SCWA	2.575%	366,354	357,653
		<u>\$ 1,158,065</u>	<u>\$ 1,129,465</u>

The future minimum lease payments to be received under lease agreements are as follows:

Year(s)	Governmental Activities	
	Principal	Interest
2023	\$ 5,714	\$ 29,770
2024	6,688	29,613
2025	7,713	29,428
2026	10,040	29,204
2027	11,201	28,932
2028-2032	78,506	139,387
2033-2037	125,685	126,430
2038-2042	185,065	106,657
2043-2047	259,216	78,335
2048-2052	221,686	42,522
2053-2057	73,751	27,614
2058-2062	100,011	16,557
2063-2067	72,789	3,089
	<u>\$ 1,158,065</u>	<u>\$ 687,538</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2022, the outstanding balances between funds were:

Payable Fund	Receivable Fund	Total
General Fund	Nonmajor Governmental Funds	\$ 160,615
General Fund	Town Special Grant Fund	538,789
General Fund	Capital Projects Fund	324,469
General Fund	Capital Nonrecurring Fund	4,580
School Modernization Project	General Fund	<u>184,520</u>
		<u>\$ 1,212,973</u>

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2022 were as follows:

Transfers In	Transfers Out	Total
General Fund	Capital Projects Fund	\$ 2,499
Capital Projects Fund	General Fund	356,078
		<u>\$ 358,577</u>

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

NOTE 6 – CAPITAL ASSETS

The following is a summary of the change in capital assets as of June 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 953,240	\$ -	\$ -	\$ 953,240
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	<u>953,240</u>	<u>-</u>	<u>-</u>	<u>953,240</u>
Capital assets, being depreciated				
Buildings and Improvements	56,127,834	-	-	56,127,834
Furniture and Equipment	8,017,097	93,541	(37,395)	8,073,243
Infrastructure	3,185,995	-	-	3,185,995
Total capital assets, being depreciated	<u>67,330,926</u>	<u>93,541</u>	<u>(37,395)</u>	<u>67,387,072</u>
Less accumulated depreciation for:				
Buildings and Improvements	10,269,354	1,014,601	-	11,283,955
Furniture and Equipment	4,528,904	344,924	(31,162)	4,842,666
Infrastructure	305,197	31,345	-	336,542
Total accumulated depreciation	<u>15,103,455</u>	<u>1,390,870</u>	<u>(31,162)</u>	<u>16,463,163</u>
Total capital assets, being depreciated, net	<u>52,227,471</u>	<u>(1,297,329)</u>	<u>(6,233)</u>	<u>50,923,909</u>
Capital assets, net	<u>\$ 53,180,711</u>	<u>\$ (1,297,329)</u>	<u>\$ (6,233)</u>	<u>\$ 51,877,149</u>

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

General Government	\$ 158,420
Public Safety	287,861
Public Works	112,510
Education	832,079
Total	<u>\$ 1,390,870</u>

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2022 was as follows:

Governmental Activities	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General Obligation Bonds	\$ 25,741,546	\$ -	\$ (699,648)	\$ 25,041,898	\$ 718,293
Equipment Financing Notes	632,709	-	(140,470)	492,239	144,833
Compensated Absences	414,274	-	(173,567)	240,707	55,957
Self-insurance benefit liability	71,666	15,126	-	86,792	-
Post Closure Landfill Costs	24,000	-	(6,000)	18,000	6,000
OPEB Liability	3,485,590	192,655	-	3,678,245	-
Total	\$ 30,369,785	\$ 207,781	\$ (1,019,685)	\$ 29,557,881	\$ 925,083

Long-term obligations are typically liquidated by the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. General obligation bonds outstanding as of June 30, 2022 consisted of the following:

Purpose	Year of Issue	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2022
School Modernization Project	2018	11/1/2049	2.75%	\$ 9,000,000	\$ 8,392,567
Emergency Services Complex	2018	7/12/2038	2.75%	4,798,768	4,209,396
School Modernization Project	2019	10/25/2049	2.75%	9,000,000	8,600,562
School Modernization Project	2020	10/23/2050	2.125%	3,934,510	3,839,373
				<u>\$ 26,733,278</u>	<u>\$ 25,041,898</u>

The annual debt service requirements of the Town's general obligation bonds are as follows:

Fiscal Year Ending	Principal	Interest	Total
2023	\$ 718,293	\$ 664,656	\$ 1,382,949
2024	737,438	645,510	1,382,948
2025	757,098	625,851	1,382,949
2026	777,285	605,664	1,382,949
2027	798,014	584,935	1,382,949
2028-2032	4,320,998	2,593,746	6,914,744
2033-2037	4,929,350	1,985,395	6,914,745
2038-2042	4,608,895	1,320,436	5,929,331
2043-2047	4,604,557	734,267	5,338,824
2048-2052	2,789,970	141,497	2,931,467
	<u>\$ 25,041,898</u>	<u>\$ 9,901,957</u>	<u>\$ 34,943,855</u>

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

Interest paid and expensed on general obligation bonds for the year ended June 30, 2022 totaled \$842,245.

Bonds Authorized and Unissued

At June 30, 2022, there was \$232,846 authorized and unissued bonds for educational purposes.

Equipment Financing Notes

The Town has equipment financing notes for the acquisition of various equipment.

Equipment	Year of Issue	Original Amount	Interest Rate	Final Maturity	Principal Outstanding June 30, 2022
Governmental Activities					
Pumper	2021	\$ 443,011	2.575%	6/25/2028	\$ 384,446
John Deere Tractor	2020	112,005	2.90%	5/5/2024	45,415
Ambulance & Stretchers	2018	300,638	3.698%	11/1/2022	62,378
					<u>\$ 492,239</u>

Annual debt service requirements on equipment financing notes as of June 30, 2022 are as follows:

Year(s)	Governmental Activities	
	Principal	Interest
2023	\$ 144,833	\$ 13,522
2024	84,651	9,019
2025	63,206	6,765
2026	64,833	5,137
2027	66,502	3,468
2028	68,214	1,756
Total	<u>\$ 492,239</u>	<u>\$ 39,667</u>

Post Closure Landfill Costs

The Town has closed a landfill with no further capacity or estimated useful life. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for 30 years after closure. These costs will be paid through the General Fund each year. 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. No costs were incurred in this fiscal year.

Self-Insurance Benefit Liability

Effective July 1, 2019, the Town became a member of Eastern CT Health and Medical Cooperative to facilitate the group purchase of medical and dental benefits to all eligible employees, their spouses and lawful dependents. Enrollment deadlines, co-pays, coverage, and premium contributions are determined by collective bargaining agreements and ACA. Under the program, the Town is obligated for claim payments. As of June 30, 2022, there was \$86,792 of claims payable.

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. The value of all compensated absences has been reflected in the government-wide financial statements.

TOWN OF NORTH STONINGTON, CONNECTICUT
Notes to the Financial Statements

NOTE 8 – BOND ANTICIPATION NOTES

The Town issues bond anticipation notes to provide funds for the acquisition and construction of major capital facilities until general obligation bonds are issued on a long-term basis. The following table summarizes changes in the Town's BAN obligations for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Anticipation Note	<u>\$ 2,735,157</u>	<u>\$ 1,995,590</u>	<u>\$ 2,935,500</u>	<u>\$ 1,795,247</u>

The outstanding bond anticipation note carries an interest rate of 2% and matures in October 2022. Total interest incurred and expensed on bond anticipation notes during the year was \$27,446. As described in Note 13, upon maturity the bond anticipation note was paid off with state reimbursement funds.

NOTE 9 - FUND BALANCE COMPONENTS

The components of fund balance for the governmental funds at June 30, 2022 are as follows:

	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	School Modernization Project	Nonmajor Governmental Funds	Total
Nonspendable:						
Prepays	\$ 7,232	\$ -	\$ -	\$ -	\$ -	\$ 7,232
Leases	28,600	-	-	-	-	28,600
Total Nonspendable	<u>35,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,832</u>
Restricted for:						
Housing Rehabilitation	-	-	-	-	289,238	289,238
Education	-	-	-	-	149,073	149,073
Capital Purposes	-	48,364	16,944	-	-	65,308
Total Restricted	<u>-</u>	<u>48,364</u>	<u>16,944</u>	<u>-</u>	<u>438,311</u>	<u>503,619</u>
Committed to:						
General Government	23,303	-	-	-	187,820	211,123
Capital Purposes	-	367,596	307,525	-	-	675,121
Total Committed	<u>23,303</u>	<u>367,596</u>	<u>307,525</u>	<u>-</u>	<u>187,820</u>	<u>886,244</u>
Assigned:						
Encumbrances:						
Education	151,036	-	-	-	-	151,036
Total Assigned	<u>151,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,036</u>
Unassigned	<u>4,216,621</u>	<u>-</u>	<u>-</u>	<u>(1,979,212)</u>	<u>-</u>	<u>2,237,409</u>
Total Fund Balances	<u>\$ 4,426,792</u>	<u>\$ 415,960</u>	<u>\$ 324,469</u>	<u>\$ (1,979,212)</u>	<u>\$ 626,131</u>	<u>\$ 3,814,140</u>

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

NOTE 10 – RETIREMENT BENEFITS

Defined Contribution Retirement Plan

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

Board of Education Pension Plans: At June 30, 2022 there were 11 participants in the Board of Education defined contribution plans below, which are administered as one plan by National Retirement Services, Inc. For the year ended June 30, 2022, the town contributed \$37,182 to the 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 8% of each participants compensation. Participants are fully vested immediately upon participation in the plan.

Plan #30027: Eligibility in the Board of Education CNBU Money Purchase plan is limited to those employees of the Board of Education who are not participants in the Board of Education Pension Plan above. All participants must have completed six months of service and must have attained age twenty and one-half. Participants may contribute voluntarily to the plan. The Town annually contributes 7% of each participant's compensation. Participants are fully vested immediately upon participation in the plan.

General Government Pension Plan: Eligibility in the plan is limited to the Highway Foreman, First Selectman, Accounting Generalist, Town Clerk, Administration and Finance Officer, members of the United Steelworkers of America (USWA), and American Federation of State, County, and Municipal Employees (AFSCME). Participants may voluntarily contribute to the plan. The Town's funding policy for the year ended June 30, 2022 is as follows:

American Federation of State, County and Municipal Employees	10% of annual compensation
United Steelworkers of America	10% of annual compensation
All other participants	10% of annual compensation

For the year ended June 30, 2022, the Town contributed \$108,888 to the plan all of which is allocated to the participant's individual retirement. The plan is administered by the Town. There were 27 participants in the plan.

Connecticut State Teacher's Retirement System

Plan Description: Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (the "System"). The System is a cost sharing multiple-employer defined benefit pension plan administered by the Connecticut State Teachers' Retirement Board (CTRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefited terms to the CTRB Board. The CTRB issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions: The Plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of salary). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989, and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

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

Disability Retirement: Employees are eligible for service-related disability regardless of length of service. Five years of credited service is required for non-service-related disability or eligibility. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the plan, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this Plan (without regard for cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

Contributions: Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts): School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2022, the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$468,419. Covered payroll for the Town for the year ended June 30, 2022, was approximately \$6,691,706.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>23,205,413</u>
Total	<u>\$ 23,205,413</u>

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2022, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized benefits expense and contribution revenue of \$1,943,075 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$1,497,963 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 Percent
Salary increases, including inflation	3.00-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	6.90 Percent

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

Future cost-of-living increases for members who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.00%	5.60%
Developed Market Intl. Stock Fund	11.00%	6.00%
Emerging Market Intl. Stock Fund	9.00%	7.90%
Core Fixed Income Fund	16.00%	2.10%
Inflation Linked Bond Fund	5.00%	1.10%
Emerging Market Debt Fund	5.00%	2.70%
High Yield Bond Fund	6.00%	4.00%
Real Estate Fund	10.00%	4.50%
Private Equity	10.00%	7.30%
Alternative Investments	7.00%	2.90%
Liquidity Fund	1.00%	0.40%

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The Town's proportionate share of the net pension liability is \$0 and therefore the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Other Post-Employment Benefits

Plan Description: The North Stonington Public Schools OPEB is a single-employer defined benefit healthcare plan (the "Plan") administered by the Town. Benefits provisions are established in accordance with the various collective bargaining agreements. The plan does not issue a publicly available financial report and is not included in the financial statements of another entity. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Benefits Provided: Employees and their spouses are eligible to continue medical and dental coverage upon retirement by paying the full cost of the applicable premium. Teachers and administrators eligible to participate in Medicare are allowed to continue coverage until age 65. Teachers and administrators hired prior to April 1, 1986, who are not eligible to participate in Medicare are allowed to continue coverage for their life and the life of their spouse.

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

Eligibility: Teachers and Administrators (Certified) – 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 service, or completion of 35 years of service regardless of age. Early retirement is the earlier of age 60 with 10 years of service, any age with 25 years of service. All others – A member retiring at age 55 years or older shall be eligible to continue health insurance coverage for self and spouse. Coverage is pre-65 only.

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

Employees Covered by Benefit Terms: At June 30, 2022, the following employees were covered by the benefit terms:

Retirees receiving benefits	3
Active plan members	106
	<u>109</u>

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.

Total OPEB Liability: The Town's total OPEB liability of \$3,678,245 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020 with a measurement date of June 30, 2021.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period	20 years
Discount Rate	2.16%
Salary Increases	N/A
Healthcare Cost Trend Rate	7.50% for 2022, reduced by 0.15% per year, 4.5% ultimate rate

The discount rate was based on the Bond Buyer 20 (GO 20 Index) as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years.

Mortality rates were based on the Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021 for IMRF Participants and the Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with Scale MP- 2021 for TRS Participants.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/21	<u>\$ 3,485,590</u>
Changes for the year:	
Service Cost	43,067
Interest	77,503
Changes in Assumptions	115,469
Benefit Payments	<u>(43,384)</u>
Net Changes	192,655
Balance at 6/30/22	<u><u>\$ 3,678,245</u></u>

TOWN OF NORTH STONINGTON, CONNECTICUT
Notes to the Financial Statements

Changes of assumptions primarily reflects a change in the discount rate from 2.21% to 2.16%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 4,342,158	\$ 3,678,245	\$ 3,142,603

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 3,118,145	\$ 3,678,245	\$ 4,366,006

OPEB Expense: For the year ended June 30, 2022, the Town recognized OPEB expense of (\$22,378). As of June 30, 2022, deferred inflows and outflows of resources related to OPEB are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 78,968	\$ (940,422)
Changes of assumptions	297,012	(341,416)
Total	<u>\$ 375,980</u>	<u>\$ (1,281,838)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year ended June 30:	
2023	\$ (142,948)
2024	(142,948)
2025	(210,831)
2026	(239,699)
2027	(30,996)
Thereafter	<u>(138,436)</u>
	<u>\$ (905,858)</u>

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

Connecticut Teachers' Retirement System - OPEB

Plan Description - Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System—a cost sharing multi-employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions - The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut. Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the Plan sponsored by the system. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

Contributions - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$45,724.

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	2.17%
Prior Measurement Date	2.21%

The projected fiduciary net position is projected to be depleted in 2023.

Single equivalent interest rate

Measurement Date	2.17%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	2.21%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Medicare	5.125% for 2020 decreasing to an ultimate Rate of 4.50% by 2023
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Mortality rates were based on the PubT-2010 Health Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

Long-Term Rate of Return - The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.42%	1.78%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		2.00%	

Discount Rate - The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than current healthcare cost trend rates:

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$ 2,117,493	\$ 2,528,187	\$ 3,089,801

TOWN OF NORTH STONINGTON, CONNECTICUT

Notes to the Financial Statements

Sensitivity of the Net OPEB Liability to Changes in Discount Rates - The following presents the net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (1.17%)	Current Discount Rate (2.17%)	1% Increase (3.17%)
Net OPEB liability	\$ 3,094,413	\$ 2,528,187	\$ 2,086,829

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>2,528,187</u>
Total	<u>\$ 2,528,187</u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2022, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$45,724 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized (\$93,358) for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

NOTE 11 – RISK MANAGEMENT

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town generally obtains commercial insurance for these risks. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal 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 expense should CIRMA be unable to do so.

TOWN OF NORTH STONINGTON, CONNECTICUT
Notes to the Financial Statements

NOTE 12 – LITIGATION AND CONTINGENCIES

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.

The town has received State and Federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

NOTE 13 – SUBSEQUENT EVENTS

On October 22, 2022, the Town paid off the maturing Bond Anticipation Notes of \$1,795,247 and interest amounting to \$46,784 with state reimbursement funds. The remainder was paid with undesignated funds in a due to/from and will be returned once the remainder of the state reimbursement comes through.

NOTE 14 – UPCOMING PRONOUNCEMENTS

GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 91 – *Conduit Debt Obligations* – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

TOWN OF NORTH STONINGTON, CONNECTICUT
Notes to the Financial Statements

GASB Statement No. 99 – *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the Town's reporting period beginning July 1, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the Town's reporting period beginning July 1, 2023.

GASB Statement No. 100 – *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2023.

GASB Statement No. 101 – *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2024.

NOTE 15 – ADOPTION OF NEW ACCOUNTING STANDARD AND RESTATEMENTS

As a result of the implementation of GASB No. 87, *Leases*, as of July 1, 2021, the Town made the following reporting change: leases receivable were added to receivables and deferred leases are now reported under deferred inflows of resources. In addition to the restatements from adopting GASB No. 87, unrecorded housing rehab loans were recorded as loan receivables, short term bond anticipation notes were reclassified to fund financials and old unknown unearned revenue was closed to fund balance. The Town also now reports the Student Activities Fund as a special revenue fund instead of as a Custodial Fund. The results of the changes to the fund balance and net position are as follows:

	Governmental Activities	General Fund	School Modernization Project	Nonmajor Governmental Funds	Custodial Funds
Net position/fund balance as reported at June 30, 2021	\$ 23,492,842	\$ 3,706,297	\$ (362,874)	\$ 118,006	\$ 59,248
Adoption of GASB 87:					
Lease Receivable	1,165,348	1,165,348	-	-	-
Deferred Inflow Leases	(1,165,348)	(1,165,348)	-	-	-
Close old unknown unearned revenue to fund balance	175,989	175,989	-	-	-
Reclassify Short-Term BAN to fund financials	-	-	(2,735,157)	-	-
Recognize Housing Rehab Loans Receivable	299,268	-	-	299,268	-
Reclassify fund to proper fund type	59,248	-	-	59,248	(59,248)
Net position/fund balance as restated at July 1, 2021	\$ 24,027,347	\$ 3,882,286	\$ (3,098,031)	\$ 476,522	\$ -

Required Supplementary Information

TOWN OF NORTH STONINGTON, CONNECTICUT

State Teacher's Retirement System Proportionate Share of Net Pension Liability Last Eight Fiscal Years*

Schedule of Proportionate Share of Net Pension Liability

	2022	2021	2020	2019	2018	2017	2016	2015
Town's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	23,205,413	29,299,451	26,280,038	20,263,436	21,022,437	22,178,866	16,369,155	15,130,003
Total	\$ 23,205,413	\$ 29,299,451	\$ 26,280,038	\$ 20,263,436	\$ 21,022,437	\$ 22,178,866	\$ 16,369,155	\$ 15,130,003
Town's covered payroll	\$ 6,691,706	\$ 6,684,603	\$ 6,646,269	\$ 6,511,600	\$ 6,440,149	\$ 6,257,403	\$ 6,145,952	\$ 5,900,786
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.25% - 6.50% average, including inflation
Investment rate of return	6.90% net of investment related expense

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT
Other Post-Employment Benefits (OPEB) Plan
Schedule of Changes in Total OPEB Liability
Last Five Fiscal Years*

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 43,067	\$ 108,814	\$ 120,457	\$ 135,814	\$ 149,172
Interest	77,503	109,334	110,633	135,127	121,605
Differences Between Expected and Actual Experience	-	157,936	-	(1,880,846)	-
Changes in Assumptions	115,469	113,600	76,800	211,222	(544,396)
Benefit Payments, Including Refunds of Member Contributions	<u>(43,384)</u>	<u>(38,270)</u>	<u>(24,039)</u>	<u>(64,658)</u>	<u>-</u>
Net Change in Total OPEB Liability	192,655	451,414	283,851	(1,463,341)	(273,619)
Total OPEB Liability - Beginning	<u>3,485,590</u>	<u>3,034,176</u>	<u>2,750,325</u>	<u>4,213,666</u>	<u>4,487,285</u>
Total OPEB Liability - Ending	<u><u>\$ 3,678,245</u></u>	<u><u>\$ 3,485,590</u></u>	<u><u>\$ 3,034,176</u></u>	<u><u>\$ 2,750,325</u></u>	<u><u>\$ 4,213,666</u></u>
 Covered-Employee Payroll	 \$ 8,865,712	 \$ 8,905,666	 \$ 8,403,695	 \$ 7,753,384	 \$ 7,753,384
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 41.49%	 39.14%	 36.11%	 35.47%	 54.35%

Notes to Schedule

Reporting Date	June 30, 2022
Measurement Date	June 30, 2021
Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal
Discount Rate	2.16%

There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT

State Teacher's Retirement System
Proportionate Share of Net OPEB Liability
Last Five Fiscal Years*

Schedule of Proportionate Share of Net OPEB Liability

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's percentage of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>2,528,187</u>	<u>4,370,014</u>	<u>4,098,528</u>	<u>4,050,808</u>	<u>5,410,937</u>
Total	<u>\$ 2,528,187</u>	<u>\$ 4,370,014</u>	<u>\$ 4,098,528</u>	<u>\$ 4,050,808</u>	<u>\$ 5,410,937</u>
Town's covered-employee payroll	<u>\$ 6,691,706</u>	<u>\$ 6,684,603</u>	<u>\$ 6,646,269</u>	<u>\$ 6,511,600</u>	<u>\$ 6,440,149</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>6.11%</u>	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

Notes to Schedule

Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll over a closed period
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	3.00%, net of investment related expense
Price Inflation	2.50%

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

See accountant's report.

Supplemental, Combining and Individual Nonmajor Fund Statements and Schedules

TOWN OF NORTH STONINGTON, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

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	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
REVENUES				
Property Taxes				
General Property Taxes - Current	\$ 16,070,939	\$ 16,070,939	\$ 15,867,807	\$ (203,132)
General Property Taxes - Past	100,000	100,000	223,393	123,393
Supplemental Motor Vehicle	140,000	140,000	223,433	83,433
Interest and Lien Fees	100,000	100,000	73,091	(26,909)
Total Property Taxes	<u>16,410,939</u>	<u>16,410,939</u>	<u>16,387,724</u>	<u>(23,215)</u>
Intergovernmental				
Education Cost Sharing	2,584,204	2,584,204	2,584,204	-
Casino Revenue	880,690	880,690	880,690	-
State Aid for Town Road	236,600	236,600	239,788	3,188
Local and Vocational Transportation	1	1	-	(1)
FEMA Grant	1	1	-	(1)
Local Capital Improvement Program	49,158	98,039	98,039	-
Police Reimbursement	40,003	40,003	-	(40,003)
Telecommunications Revenue Share	11,494	11,494	9,574	(1,920)
PILOT Program Reimbursement	12,148	12,148	16,462	4,314
Regional Adult Education	9,760	9,760	10,995	1,235
Veterans Exemption Reimbursement	6,000	6,000	7,443	1,443
Records Preservation	5,500	5,500	5,500	-
Non-public Nurse Reimbursement	4,345	4,345	4,284	(61)
Disabled Exemption Reimbursement	500	500	890	390
STEAP	1	1	126,860	126,859
Emergency Management	5,000	5,000	5,000	-
Boombridge Road	-	-	13,639	13,639
Other	35,000	35,000	33,229	(1,771)
Total Intergovernmental	<u>3,880,405</u>	<u>3,929,286</u>	<u>4,036,597</u>	<u>107,311</u>
Licenses, Fees, Fines, and Charges				
Licenses, Permits, Conveyance Taxes	110,000	110,000	171,178	61,178
Recreation Commission	52,355	52,355	69,954	17,599
Building Official	85,000	85,000	119,886	34,886
Tuition Reimbursement	57,165	57,165	57,165	-
Town Clerk LOCIP	1	1	-	(1)
Town Clerk Restoration Fees	1	1	-	(1)
Portal On-line Copies	3,000	3,000	5,442	2,442
Total Licenses, Fees, Fines, and Charges	<u>307,522</u>	<u>307,522</u>	<u>423,625</u>	<u>116,103</u>
Investment Income	<u>4,200</u>	<u>4,200</u>	<u>31,709</u>	<u>27,509</u>

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

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	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
Other				
Sale of Recyclables	\$ 10,000	\$ 10,000	\$ 15,424	\$ 5,424
Transfer Stickers	1	1	-	(1)
Zoning Enforcement Officer	6,500	6,500	6,809	309
Inland Wetlands	600	600	1,436	836
Planning and Zoning	3,000	3,000	3,393	393
Conservation Commission	1,200	1,200	1,140	(60)
SCRRRA Subsidy	11,000	11,000	1,012	(9,988)
Contractors Tipping Fees	145,000	145,000	135,945	(9,055)
Assessor's Office	350	350	12,346	11,996
Canine Account	1,800	1,800	2,169	369
GIS Services	1	1	-	(1)
Fire Marshal	1	1	660	659
Property Rent	54,695	54,695	34,317	(20,378)
CIRMA Insurance Credit	10,000	10,000	12,071	2,071
Sale of Capital Assets	-	-	5,810	5,810
Miscellaneous	6,000	6,000	63,533	57,533
Resident Trooper Ticket Revenue	5,800	5,800	7,150	1,350
Senior Center	5,000	5,000	3,007	(1,993)
Zoning Board of Appeals	200	200	-	(200)
Total Other	<u>261,148</u>	<u>261,148</u>	<u>306,222</u>	<u>45,074</u>
Total Revenues	<u>20,864,214</u>	<u>20,913,095</u>	<u>21,185,877</u>	<u>272,782</u>
Other Financing Sources				
Appropriation of Fund Balance	193,999	313,934	-	(313,934)
Transfers In - Deobligated Capital Projects	23,617	23,617	2,499	(21,118)
Total Other Financing Sources	<u>217,616</u>	<u>337,551</u>	<u>2,499</u>	<u>(335,052)</u>
Total Revenues and Other Financing Sources	<u>21,081,830</u>	<u>21,250,646</u>	<u>21,188,376</u>	<u>(62,270)</u>
EXPENDITURES				
General Government				
Salaries:				
First Selectman	56,250	56,250	55,827	423
Second Selectman	2,703	2,703	2,703	-
Third Selectman	2,703	2,703	2,703	-
Secretary	16,350	16,350	15,203	1,147
Bookkeeper	60,863	60,863	61,095	(232)
Selectmen's Expenditures	2,450	2,450	1,518	932
Council of Small Towns	1,075	1,075	1,075	-
Certifications/Seminars	2,500	2,500	355	2,145
SE CT Council of Governments	2,913	2,913	2,913	-
Admin and Finance Officer	78,030	78,030	78,330	(300)
Grant Writer	13,000	13,000	1,350	11,650
Total General Government	<u>238,837</u>	<u>238,837</u>	<u>223,072</u>	<u>15,765</u>
Probate Court	2,806	2,806	2,875	(69)

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

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	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
Board of Finance				
Operating Expenditures	\$ 250	\$ 250	\$ 98	\$ 152
Auditing	23,000	23,000	17,025	5,975
Total Board of Finance	<u>23,250</u>	<u>23,250</u>	<u>17,123</u>	<u>6,127</u>
Assessor's Office				
Salaries:				
Assessor	74,588	74,588	74,874	(286)
Assessor Assistant	51,067	51,067	51,262	(195)
Office Expenditures	1,500	2,050	2,102	(52)
Seminars	550	550	450	100
Computer	-	-	450	(450)
Travel Expenditures	300	300	-	300
Memberships	150	150	-	150
Total Assessor's Office	<u>128,155</u>	<u>128,705</u>	<u>129,138</u>	<u>(433)</u>
Board of Assessment Appeals	860	860	640	220
Tax Collector				
Salaries:				
Tax Collector	37,019	38,630	38,642	(12)
Office Expenditures	9,000	9,000	10,120	(1,120)
Computer	7,357	7,357	4,444	2,913
Travel Expenditures	700	700	86	614
Total Tax Collector	<u>54,076</u>	<u>55,687</u>	<u>53,292</u>	<u>2,395</u>
Town Treasurer				
Salary	7,794	7,794	7,792	2
Seminars	170	170	-	170
Total Town Treasurer	<u>7,964</u>	<u>7,964</u>	<u>7,792</u>	<u>172</u>
Town Attorney	30,000	38,000	37,972	28
Annexation Related				
Tribal Recognition	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Town Clerk				
Salaries:				
Town Clerk	51,243	51,243	51,439	(196)
Assistant	3,000	3,000	3,000	-
Office Expenditures	4,032	4,032	4,241	(209)
Land Records	10,949	10,949	10,293	656
Records Restoration Grant	5,500	5,500	5,500	-
Ordinances	1,800	1,800	1,823	(23)
Total Town Clerk	<u>76,524</u>	<u>76,524</u>	<u>76,296</u>	<u>228</u>
Economic Development Commission				
Operating Expenditures	4,900	3,400	1,620	1,780
CT Regional Economic Development/Membership	2,165	2,165	2,455	(290)
Consulting	-	1,500	1,440	60
Total Economic Development Commission	<u>7,065</u>	<u>7,065</u>	<u>5,515</u>	<u>1,550</u>

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

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	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
Recreation Commission				
Salaries:				
Administrative	\$ 26,350	\$ 26,350	\$ 26,451	\$ (101)
Camp Directors, Etc.	14,367	15,477	14,963	514
Program Expenditures	47,235	52,735	52,520	215
Maintenance	5,000	5,000	1,537	3,463
Recreation Commission	10,230	10,230	10,166	64
Administrative Expenditures	12,995	12,995	9,810	3,185
Total Recreation Commission	116,177	122,787	115,447	7,340
Fixed Charges				
Town Insurance	97,936	97,936	91,137	6,799
Volunteer Fire Co. Insurance	28,840	28,840	28,840	-
Ambulance Association Insurance	1	1	-	1
Workers Compensation Insurance	20,003	20,003	18,067	1,936
Social Security	126,837	126,837	119,106	7,731
Medical Insurance	441,904	441,904	401,241	40,663
Employee Benefits - Pension	157,112	157,112	136,976	20,136
Volunteer Incentive Award - Fire	35,360	35,360	35,360	-
Volunteer Activity Stipend - Fire	58,000	58,000	58,000	-
Total Fixed Charges	965,993	965,993	888,727	77,266
Elections and Town Meetings				
Salaries:				
Registrar of Voters	6,792	6,792	6,792	-
Registrar of Voters	6,792	6,792	6,792	-
Expenditures	20,000	20,000	10,945	9,055
Total Elections and Town Meetings	33,584	33,584	24,529	9,055
Town Hall				
Expenditures	46,000	46,000	45,382	618
Leasing Equipment	9,000	9,000	7,066	1,934
Holly Green Rental - Nursing	1,668	1,668	1,668	-
Quarterly Newsletter	6,000	8,050	8,074	(24)
Building Leases	1	1	1	-
Total Town Hall	62,669	64,719	62,191	2,528
Social Services/Welfare				
New London Hospitality Center	1,000	1,000	1,000	-
Pawcatuck Neighborhood Center	27,500	27,500	27,500	-
Women's Center/Safe Futures	2,250	2,250	2,250	-
Frank Olean Regional Center	1,750	1,750	1,750	-
New London County ARC	1,500	1,500	1,500	-
TVCCA	1,250	1,250	1,250	-
Mystic Shelter	1,750	1,750	1,750	-
Keeping NS Affordable	875	875	875	-
United Comm & Family Services	1,050	1,050	1,050	-
Total Social Services/Welfare	38,925	38,925	38,925	-

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

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	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
Selectmen's Engineering Service				
Engineering for Selectmen	\$ 2,500	\$ 2,500	\$ 250	\$ 2,250
Information Technology				
Coordinator	69,567	69,567	69,823	(256)
Office Expenditure	300	300	163	137
Digitized Maintenance	33,800	33,800	30,064	3,736
Professional Services and Licensing	15,785	15,785	14,110	1,675
Total Information Technology	<u>119,452</u>	<u>119,452</u>	<u>114,160</u>	<u>5,292</u>
Public Safety				
911 Dispatching	32,500	32,500	32,467	33
Volunteer Fire Company	139,800	139,800	139,800	-
Fire Marshal	13,646	13,646	13,646	-
Fire Marshal Operating Expenditures	1,800	1,800	1,292	508
State Troopers	400,390	386,491	349,194	37,297
State Trooper DUI Grant	40,000	40,000	-	40,000
Civil Preparedness Agency Stipend	7,075	7,075	7,075	-
Civil Preparedness Expenditures	5,000	5,000	2,036	2,964
Emergency Generator Service Contract	4,000	4,000	3,320	680
Animal Control Salary	26,294	26,294	23,563	2,731
Animal Control Training	3,000	3,000	-	3,000
Animal Control Operating Expenditures	5,000	5,000	5,619	(619)
Center for Emergency Services	55,000	55,000	50,378	4,622
NSVFC Per Diem Staffing	55,000	55,000	55,000	-
Ambulance Association	250,000	250,000	249,518	482
Total Public Safety	<u>1,038,505</u>	<u>1,024,606</u>	<u>932,908</u>	<u>91,698</u>
Public Works				
Highway				
Local Capital Improvements	49,158	98,039	98,039	-
State Aided - Town Roads	236,600	236,600	236,600	-
Town Road Maintenance	175,000	175,000	182,200	(7,200)
Town Garage Expenditures	22,500	22,500	15,688	6,812
Machinery and Maintenance Repairs	68,000	68,000	59,482	8,518
Street Lights	10,000	10,000	7,610	2,390
Highway Foreman	80,174	80,174	80,406	(232)
Snow Removal	56,100	56,100	40,363	15,737
Labor	546,437	546,437	493,412	53,025
Supplies	40,000	40,000	33,649	6,351
Diesel and Gas	52,250	52,250	74,902	(22,652)
Town Property - Maintenance	7,500	7,500	5,354	2,146
Town Property - Labor	10,000	10,000	3,760	6,240
Tree Warden	1,500	1,500	1,317	183
Hewitt Farm Property	5,000	5,000	2,849	2,151
Tree Maintenance	20,000	20,000	10,655	9,345
Contracted Services	17,000	17,000	19,165	(2,165)
Total Highway	<u>1,397,219</u>	<u>1,446,100</u>	<u>1,365,451</u>	<u>80,649</u>

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

Page 6 of 7

	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
Public Works (Continued)				
Sanitary Landfill				
Labor	\$ 131,975	\$ 131,975	\$ 126,884	\$ 5,091
Overtime	15,810	15,810	14,794	1,016
State Mandated Surveys	2,500	2,500	3,200	(700)
State License Fees	3,200	3,200	2,365	835
SCRRA - Tipping Fees	209,000	209,000	194,449	14,551
SCRRA - Membership Fee	500	500	-	500
Hazardous Waste Collection	500	500	2,034	(1,534)
Water Sampling/Lab Testing	18,000	18,000	18,000	-
Operating Expenditures	11,200	11,200	9,253	1,947
Contractual Services	22,000	22,000	18,606	3,394
Total Sanitary Landfill	<u>414,685</u>	<u>414,685</u>	<u>389,585</u>	<u>25,100</u>
Total Public Works	<u>1,811,904</u>	<u>1,860,785</u>	<u>1,755,036</u>	<u>105,749</u>
Conservation of Health				
Public Health Nursing/VNA	1,872	1,872	1,125	747
Health District	39,438	39,438	39,438	-
Total Conservation of Health	<u>41,310</u>	<u>41,310</u>	<u>40,563</u>	<u>747</u>
Senior Citizens				
Agent for the Elderly Wages	13,651	13,651	13,704	(53)
Agent for the Elderly - Operating Expenditures	400	400	-	400
Senior Citizens Center Coordinator	24,213	24,213	24,306	(93)
Senior Citizens Center - Operating Expenditures	32,336	32,336	32,160	176
Total Senior Citizens	<u>70,600</u>	<u>70,600</u>	<u>70,170</u>	<u>430</u>
Miscellaneous				
Cemeteries	7,000	7,000	5,541	1,459
Tax Refunds	1	1,689	1,687	2
Annual Memberships and Dues	3,500	3,500	3,320	180
Lake Association Weed Control	31,000	31,000	16,100	14,900
Wheeler Library	65,000	65,000	65,000	-
Miscellaneous	750	750	75	675
Total Miscellaneous	<u>107,251</u>	<u>108,939</u>	<u>91,723</u>	<u>17,216</u>
Land Use Department				
Land Use Operating				
Attorney	12,500	12,500	8,259	4,241
Office Expenditure	4,500	4,500	441	4,059
Advertising	4,400	4,400	2,312	2,088
Planning and Zoning Commission				
Salaries:				
Zoning Officer	77,553	77,553	77,255	298
Assistant	47,183	47,183	43,912	3,271
Travel Expenditures	400	400	-	400
Contracted Consulting	2,500	2,500	875	1,625
Membership Dues	300	300	509	(209)
Training/Seminars	500	500	-	500

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

Page 7 of 7

	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
Land Use Department (Continued)				
Building Department				
Salaries:				
Building Official	\$ 32,000	\$ 32,000	\$ 31,320	\$ 680
Membership Dues	1	1	-	1
Training	50	50	-	50
Travel Expenditures	50	50	-	50
Miscellaneous/Operating Expenditures	1,000	1,000	-	1,000
Water Pollution Control Authority				
Miscellaneous/Planning	500	500	-	500
Zoning Board of Appeals	100	100	-	100
Inland Wetlands Commission				
Wages - Enforcement Officer	7,913	7,913	7,913	-
Operating Expenditures	-	-	306	(306)
Conservation Commission	2,050	2,050	2,392	(342)
Affordable Housing	500	500	278	222
Total Land Use Department	194,000	194,000	175,772	18,228
Total Government Operating Expenditures	5,177,407	5,232,898	4,869,116	363,782
Debt Service				
School Modernization Project	1,067,765	1,067,765	1,067,765	-
Center for Emergency Services Project	315,184	315,184	315,184	-
Total Debt Service	1,382,949	1,382,949	1,382,949	-
Education	14,278,721	14,278,721	13,909,863	368,858
Capital Outlay				
Public Works				
Tractor & Mower Lease	25,000	25,000	25,000	-
Truck Replacement	-	53,000	53,000	-
Selectmen				
Computer - Town Hall	16,000	16,000	16,000	-
Volunteer Fire - Turnout Gear	21,000	21,000	21,000	-
Land Acquisition Fund	1,000	1,000	1,000	-
Plan of Conservation and Development	15,000	15,000	15,000	-
Farm 1750 House Repairs	30,000	30,000	30,000	-
NSVFC Tanker (10 Year Lease)	70,068	70,068	70,068	-
Financial Software	-	60,325	60,325	-
NSAA Ambulance and 2 Stretchers Lease	64,685	64,685	64,685	-
Total Capital Outlay	242,753	356,078	356,078	-
Total Expenditures	21,081,830	21,250,646	20,518,006	732,640
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - Budgetary Basis	\$ -	\$ -	\$ 670,370	\$ 670,370

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

SPECIAL REVENUE FUNDS							
	School Lunch Fund	Education Grants Fund	Scholarships Held by School Fund	Recreation Gift Fund	Student Activities Fund	Housing Rehab Program	Total
Assets							
Cash and Cash Equivalents	\$ 3,896	\$ -	\$ 44,742	\$ -	\$ 85,023	\$ 13,076	\$ 146,737
Receivables, Net	61,450	6,626	-	-	-	276,162	344,238
Inventory	9,599	-	-	-	-	-	9,599
Due from Other Funds	120,505	36,374	-	3,736	-	-	160,615
Total Assets	<u>\$ 195,450</u>	<u>\$ 43,000</u>	<u>\$ 44,742</u>	<u>\$ 3,736</u>	<u>\$ 85,023</u>	<u>\$ 289,238</u>	<u>\$ 661,189</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable and Accrued Items	\$ 11,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,366
Unearned Revenue	-	23,692	-	-	-	-	23,692
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	<u>11,366</u>	<u>23,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,058</u>
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	19,308	44,742	-	85,023	289,238	438,311
Committed	184,084	-	-	3,736	-	-	187,820
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>184,084</u>	<u>19,308</u>	<u>44,742</u>	<u>3,736</u>	<u>85,023</u>	<u>289,238</u>	<u>626,131</u>
Total Liabilities and Fund Balances	<u>\$ 195,450</u>	<u>\$ 43,000</u>	<u>\$ 44,742</u>	<u>\$ 3,736</u>	<u>\$ 85,023</u>	<u>\$ 289,238</u>	<u>\$ 661,189</u>

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	SPECIAL REVENUE FUNDS						Total
	School Lunch Fund	Education Grants Fund	Scholarships Held by School Fund	Recreation Gift Fund	Student Activities Fund	Housing Rehab Program	
Revenues							
Intergovernmental Revenues	\$ 426,916	\$ 487,536	\$ -	\$ -	\$ -	\$ -	\$ 914,452
Charges for Services	45,689	-	-	-	209,126	-	254,815
Investment Income	-	-	-	-	-	-	-
Other Revenue	-	-	10,021	150	-	-	10,171
Total Revenues	<u>472,605</u>	<u>487,536</u>	<u>10,021</u>	<u>150</u>	<u>209,126</u>	<u>-</u>	<u>1,179,438</u>
Expenditures							
Current:							
General Government	-	-	-	-	-	10,030	10,030
Education	353,135	464,588	18,725	-	183,351	-	1,019,799
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	<u>353,135</u>	<u>464,588</u>	<u>18,725</u>	<u>-</u>	<u>183,351</u>	<u>10,030</u>	<u>1,029,829</u>
Excess/(Deficiency) of Revenues Over Expenditures	119,470	22,948	(8,704)	150	25,775	(10,030)	149,609
Other Financing Sources/(Uses)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	119,470	22,948	(8,704)	150	25,775	(10,030)	149,609
Fund Balances at Beginning of Year, Restated	<u>64,614</u>	<u>(3,640)</u>	<u>53,446</u>	<u>3,586</u>	<u>59,248</u>	<u>299,268</u>	<u>476,522</u>
Fund Balances at End of Year	<u>\$ 184,084</u>	<u>\$ 19,308</u>	<u>\$ 44,742</u>	<u>\$ 3,736</u>	<u>\$ 85,023</u>	<u>\$ 289,238</u>	<u>\$ 626,131</u>

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT

Combining Statement of Fiduciary Net Position

Pension Trust Funds

June 30, 2022

	General Government Retirement	Board of Education Retirement	Total
Assets			
Investments, at Fair Value:			
Mutual Funds	\$ 1,826,862	\$ 1,347,365	\$ 3,174,227
Receivables	108,888	-	108,888
Total Assets	<u>1,935,750</u>	<u>1,347,365</u>	<u>3,283,115</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
Payables	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Restricted for Pension Benefits	<u>\$ 1,935,750</u>	<u>\$ 1,347,365</u>	<u>\$ 3,283,115</u>

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2022

	General Government Retirement	Board of Education Retirement	Total
Additions			
Employer Contributions	\$ 108,888	\$ 37,182	\$ 146,070
Employee Contributions	15,390	-	15,390
Investment Income:			
Net Appreciation/(Depreciation) in Fair			
Value of Investments	(265,229)	(35,949)	(301,178)
Interest and Dividends	2,936	-	2,936
Total Investment Income	<u>(262,293)</u>	<u>(35,949)</u>	<u>(298,242)</u>
 Total Additions	 <u>(138,015)</u>	 <u>1,233</u>	 <u>(136,782)</u>
Deductions			
Distributions	180,375	1,762	182,137
Administrative Expenses	300	-	300
Total Deductions	<u>180,675</u>	<u>1,762</u>	<u>182,437</u>
 Change in Net Position	 (318,690)	 (529)	 (319,219)
Net Position at Beginning of Year	<u>2,254,440</u>	<u>1,347,894</u>	<u>3,602,334</u>
Net Position at End of Year	<u>\$ 1,935,750</u>	<u>\$ 1,347,365</u>	<u>\$ 3,283,115</u>

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT

Schedule of Changes in Fund Balance

Capital Nonrecurring Fund

For the Year Ended June 30, 2022

	Beginning Balance	General Fund Budget	Additional Transfers	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
Restricted Fund Balance								
Town Clerk Document Restoration	\$ 10,136	\$ -	\$ -	\$ -	\$ 1,832	\$ 11,968	\$ -	\$ 11,968
LOCIP Capital Improvements	33,648	-	-	-	2,748	36,396	-	36,396
Total Restricted	<u>43,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,580</u>	<u>48,364</u>	<u>-</u>	<u>48,364</u>
Committed Fund Balance								
Revaluation	79,216	-	-	-	-	79,216	-	79,216
Town Equipment	1,503	-	-	-	-	1,503	-	1,503
Nonrecurring School Funds	392,821	-	-	-	-	392,821	111,475	281,346
Town Clerk Preservation	5,531	-	-	-	-	5,531	-	5,531
Total Committed	<u>479,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>479,071</u>	<u>111,475</u>	<u>367,596</u>
	<u>\$ 522,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,580</u>	<u>\$ 527,435</u>	<u>\$ 111,475</u>	<u>\$ 415,960</u>

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT

Schedule of Changes in Fund Balance

Capital Projects Fund

For the Year Ended June 30, 2022

	Beginning Balance	General Fund Budget	Additional Transfers	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
Restricted Fund Balance								
Sewer Study (STEAP)	\$ 16,944	\$ -	\$ -	\$ -	\$ -	\$ 16,944	\$ -	\$ 16,944
Kingswood/Cedar Ridge (STEAP)	126,860	-	-	-	-	126,860	126,860	-
Total Restricted	<u>143,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,804</u>	<u>126,860</u>	<u>16,944</u>
Committed Fund Balance								
Boombridge	66,761	-	-	-	-	66,761	10,787	55,974
Ambulance Association Equipment	12,585	-	-	-	-	12,585	-	12,585
Town Hall Computer	3,490	16,000	-	-	-	19,490	16,609	2,881
Plan of Conservation and Development	-	15,000	-	-	-	15,000	-	15,000
Transfer Station Improvements	2,612	-	-	-	-	2,612	2,612	-
Dump Truck Refurbishments	13,639	-	-	-	-	13,639	8,329	5,310
Mack Truck Refurbish	10,000	-	-	-	-	10,000	8,967	1,033
Recreation Facility Upgrades	15,000	-	-	-	-	15,000	-	15,000
NSVFC Radio Replacement	35,000	-	-	-	-	35,000	33,543	1,457
Land Acquisition	72,000	1,000	-	-	-	73,000	-	73,000
Town Building Repair	26,796	-	-	-	-	26,796	9,770	17,026
Recreation Pavilion & Fields	5,691	-	-	-	-	5,691	-	5,691
Town Buildings - Abate and Demolish	21,119	-	-	-	-	21,119	-	21,119
Farm House	10,000	30,000	-	-	-	40,000	15,000	25,000
Equipment Financing - Ambulance	955	64,685	-	-	-	65,640	64,685	955
Fire Department Turnout Gear	-	21,000	-	-	-	21,000	21,000	-
NSVFC Tanker	7,372	70,068	-	-	-	77,440	75,181	2,259
Water/Sewer Infrastructure	13,500	-	-	-	-	13,500	7,343	6,157
Financial Software	-	60,325	-	-	-	60,325	20,373	39,952
Ambulance Repairs	3,226	-	-	-	-	3,226	-	3,226
Truck Replacement	-	53,000	-	-	-	53,000	53,000	-
Tractor/Mower Financing	2,600	25,000	-	-	-	27,600	23,700	3,900
Storage Building Roof	2,499	(2,499)	-	-	-	-	-	-
Total Committed	<u>324,845</u>	<u>353,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>678,424</u>	<u>370,899</u>	<u>307,525</u>
	<u>\$ 468,649</u>	<u>\$ 353,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 822,228</u>	<u>\$ 497,759</u>	<u>\$ 324,469</u>

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT

Board of Education

Schedule of Expenditures - Budget and Actual

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Salaries:				
Central Office	\$ 579,044	\$ 579,044	\$ 603,703	\$ (24,659)
Administrators	575,410	575,410	629,232	(53,822)
Teachers	6,461,858	6,461,858	6,314,769	147,089
Guidance	148,692	148,692	152,390	(3,698)
Secretarial	186,746	186,746	185,528	1,218
Teacher Assistants	385,187	385,187	351,547	33,640
Library/Media	162,305	162,305	162,305	-
Custodial/Grounds	470,204	470,204	429,379	40,825
Central Office	163,517	163,517	180,274	(16,757)
Contracted Services	64,000	64,000	116,558	(52,558)
Textbooks	3,357	3,357	3,126	231
Library Books	7,782	7,782	6,709	1,073
Instructional Supplies	12,000	12,000	86,072	(74,072)
Other Expenditures, Schools	159,941	159,941	137,881	22,060
Supplies, Health	2,000	2,000	3,996	(1,996)
Transportation	1,096,242	1,096,242	1,034,852	61,390
Heat	70,000	70,000	49,423	20,577
Utilities	177,639	177,639	193,899	(16,260)
Custodial Supplies	58,700	58,700	72,888	(14,188)
Postage	1,500	1,500	2,708	(1,208)
Maintenance Services	209,344	209,344	245,247	(35,903)
Lease of Equipment	45,278	45,278	27,400	17,878
Replacement of Equipment	-	-	-	-
Social Security	231,654	231,654	241,033	(9,379)
Employee Benefits	2,522,083	2,522,083	2,117,201	404,882
Employee Retirement	73,262	73,262	69,467	3,795
Student Activities	107,774	107,774	76,001	31,773
Equipment	2,500	2,500	24,655	(22,155)
Tuition	300,702	300,702	391,620	(90,918)
Total Expenditures	\$ 14,278,721	\$ 14,278,721	\$ 13,909,863	\$ 368,858

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2022

List of 10/1:	Outstanding July 1, 2021	Current Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections During the Year				Outstanding June 30, 2022
			Additions	Deductions			Taxes	Interest	Liens & Fees	Total	
2020		\$ 16,491,652	\$ 16,647	\$ 100,403	\$ -	\$ 16,407,896	\$ 16,087,968	\$ 57,375	\$ 80	\$ 16,145,423	\$ 319,928
2019	\$ 317,036	-	4,763	3,642	-	318,157	199,481	43,141	960	243,582	118,676
2018	62,999	-	-	686	-	62,313	28,090	13,911	312	42,313	34,223
2017	34,631	-	-	-	-	34,631	12,249	10,825	192	23,266	22,382
2016	24,666	-	-	-	-	24,666	5,629	1,460	24	7,113	19,037
2015	11,555	-	-	-	-	11,555	787	942	-	1,729	10,768
2014	7,721	-	-	-	-	7,721	(200)	-	-	(200)	7,921
2013	12,790	-	-	1,820	-	10,970	-	-	-	-	10,970
2012	5,747	-	-	1,802	-	3,945	-	-	-	-	3,945
2011	4,900	-	-	1,672	-	3,228	-	-	-	-	3,228
2010	6,151	-	-	3,761	-	2,390	-	-	-	-	2,390
2009	2,508	-	-	-	-	2,508	-	1	-	1	2,508
2008	1,185	-	-	-	-	1,185	-	-	-	-	1,185
2007	1,158	-	-	-	-	1,158	-	-	-	-	1,158
2006	945	-	3,448	3,448	-	945	-	-	-	-	945
	\$ 493,992	\$ 16,491,652	\$ 24,858	\$ 117,234	\$ -	\$ 16,893,268	16,334,004	127,655	1,568	16,463,227	\$ 559,264
Net Grand List - October 1, 2020							Total Suspense Collections	(600)	6,628	-	6,028
Tax Rate: 28.60 mills							Total Collections	\$ 16,333,404	\$ 134,283	\$ 1,568	\$ 16,469,255

See accountant's report.

TOWN OF NORTH STONINGTON, CONNECTICUT

Schedule of Debt Limitation

June 30, 2022

Total Tax Collections, Including Interest and Lien Fees - Prior Fiscal Year \$15,729,614

Reimbursement for Revenue Loss on:

Tax Relief for Elderly - Prior Fiscal Year

Base \$ 15,729,614

	General Purposes (2.25 x base)	Schools (4.50 x base)	Sewers (3.75 x base)	Urban Renewal (3.25 x base)	Pension Deficit (3.00 x base)
Debt Limitation:					
Statutory Debt Limits by Function	<u>\$ 35,391,632</u>	<u>\$ 70,783,263</u>	<u>\$ 58,986,053</u>	<u>\$ 51,121,246</u>	<u>\$ 47,188,842</u>
Indebtedness:					
Bonds Payable	4,209,396	22,627,749	-	-	-
Authorized but Unissued	-	232,846	-	-	-
Total Indebtedness	<u>4,209,396</u>	<u>22,860,595</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Debt*	<u>\$ 31,182,236</u>	<u>\$ 47,922,668</u>	<u>\$ 58,986,053</u>	<u>\$ 51,121,246</u>	<u>\$ 47,188,842</u>

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$110,107,298.

See accountant's report.