

TOWN OF NORTH STONINGTON, CONNECTICUT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020
with
SUPPLEMENTAL STATEMENTS AND SCHEDULES
and
INDEPENDENT AUDITORS' REPORT

Sandra E. Welwood, LLC
Certified Public Accountants

TOWN OF NORTH STONINGTON, CONNECTICUT

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INDEPENDENT AUDITORS' REPORT

To the Board of Finance
Town of North Stonington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of North Stonington, Connecticut (the "Town") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2020, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 9 and the required supplementary information on pages 45 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The General Fund budgetary comparison detail schedules, combining and individual nonmajor fund financial statements, Statement of Debt Limitation, and the Report of the Tax Collector are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The General Fund budgetary comparison detail schedules, combining and individual nonmajor fund financial statements, Statement of Debt Limitation, and the Report of the Tax Collector are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund budgetary comparison detail schedules, combining and individual nonmajor fund financial statements, Statement of Debt Limitation, and the Report of the Tax Collector are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Sandra E. Welwood, LLC

Danbury, Connecticut
December 1, 2020

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

JUNE 30, 2020

Our discussion and analysis of the Town of North Stonington, Connecticut's (the "Town") financial performance provides an overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Town's financial statements, which begin on page 10.

The Town's discussion and analysis is designed to:

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

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$23,785,001 (net position). This is an increase of \$4,845,464 from the prior fiscal year.
- Government-wide revenues were \$28,163,327 and expenses were \$23,317,863. On a government-wide basis, revenues exceeded expenses by \$4,845,464.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$3,227,573, a decrease of \$1,958,366 from the prior fiscal year. This represents the combined balances in the General Fund, Capital Nonrecurring Fund, Capital Projects Fund, Emergency Services Center Fund, School Modernization Project Fund, and other smaller funds.
- In the General Fund, revenues were greater than expenses and net transfers by \$562,687. The total General Fund balance of \$4,033,740 as of June 30, 2020, compares to a balance of \$3,471,053 in the prior year.
- At the end of the current fiscal year, the Unassigned General Fund balance was \$3,652,552. This represents 18.3% of total General Fund expenditures (on a budgetary basis) in the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the authorized budget in the General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget and Actual.

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position decreased by \$2,154,536 from a year ago. Our analysis below focuses on the net position and changes in net position of the Town.

	<u>2020</u>	<u>Change During Year</u>		<u>2019</u>
		<u>Dollars</u>	<u>Percent</u>	
<u>Assets</u>				
Current and other assets	\$ 7,428,857	\$ 368,486	5.2%	\$ 7,060,371
Capital assets	<u>53,753,092</u>	<u>13,613,439</u>	33.9%	<u>40,139,653</u>
Total assets	<u>61,181,949</u>	<u>13,981,925</u>	29.6%	<u>47,200,024</u>
<u>Liabilities</u>				
Long-term debt outstanding	31,594,107	7,148,545	29.2%	24,445,562
Other liabilities	<u>4,195,215</u>	<u>2,304,415</u>	121.9%	<u>1,890,800</u>
Total liabilities	<u>35,789,322</u>	<u>9,452,960</u>	35.9%	<u>26,336,362</u>
<u>Deferred Inflows of Resources</u>				
OPEB related items	<u>1,607,626</u>	<u>(316,499)</u>	-16.4%	<u>1,924,125</u>
<u>Net Position</u>				
Net investment in capital assets	25,597,384	6,973,097	37.4%	18,624,287
Restricted – expendable	113,232	35,396	45.5%	77,836
Unrestricted	<u>(1,925,615)</u>	<u>(2,163,029)</u>	-911.1%	<u>237,414</u>
Total net position	<u>\$ 23,785,001</u>	<u>\$ 4,845,464</u>	25.6%	<u>\$ 18,939,537</u>

Capital Assets increased by \$13,613,439. The increase includes \$721,938 reduction for current year depreciation expense, which was more than offset by the Town's capital spending during the year.

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

At June 30, 2020, the Town had total long term obligations of \$31,594,107. The Town's debt increased from \$24,445,562 during the current fiscal year. The key factor in this increase was the increase in debt outstanding for the Emergency Services Center and the School Modernization projects. See Note 7 to the financial statements for additional information.

	2020	Change During Year		2019
		Dollars	Percent	
Revenues				
Program revenues:				
Charges for services	\$ 486,806	\$ (47,317)	-8.9%	\$ 534,123
Operating grants and contributions	6,139,004	1,852,121	43.2%	4,286,883
Capital grants and contributions	4,784,562	(413,719)	-8.0%	5,198,281
General revenues:				
Property taxes	15,555,578	589,268	3.9%	14,966,310
Grants and contributions	958,585	(906)	-0.1%	959,491
Interest and investment earnings	3,919	(442)	-10.1%	4,361
Other	234,873	88,032	60.0%	146,841
Total revenues	<u>28,163,327</u>	<u>2,067,037</u>	7.9%	<u>26,096,290</u>
Expenses				
General government	2,267,667	(225,432)	-9.0%	2,493,099
Public safety	1,192,127	(177,061)	-12.9%	1,369,188
Public works	1,902,420	93,828	5.2%	1,808,592
Education	17,249,260	2,974,857	20.8%	14,274,403
Interest on long-term debt	706,389	231,671	48.8%	474,718
Total expenses	<u>23,317,863</u>	<u>2,897,863</u>	14.2%	<u>20,420,000</u>
Change in net position	<u>\$ 4,845,464</u>	<u>\$ (830,826)</u>	-14.6%	<u>\$ 5,676,290</u>

The following are the significant changes from the prior year:

- Operating grants revenue increased \$1,852,121 (43.2%) because of an increase in state aid.
- Capital grants revenue decreased \$413,719 (8.0%) because the current year includes lower project reimbursement grants.
- Education expenses increased \$2,974,857 (20.8%) primarily from an increase in the current year state teachers' retirement and other post employment benefit expense.

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

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

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

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

At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$3,227,573, a decrease of \$1,958,366 from the prior year.

<u>Ending Fund Balance as of:</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>
General Fund	\$ 4,033,740	\$ 3,471,053	\$ 562,687
Capital Nonrecurring Fund	340,601	222,323	118,278
Capital Projects Fund	311,371	629,733	(318,362)
Emergency Services Center	23,867	237,206	(213,339)
School Capital Project	(1,617,169)	460,881	(2,078,050)
Other Funds	<u>135,163</u>	<u>164,743</u>	<u>(29,580)</u>
Total	<u>\$ 3,227,573</u>	<u>\$ 5,185,939</u>	<u>\$ (1,958,366)</u>

The General Fund is the operating fund of the Town. At the end of the current fiscal year, the Unassigned General Fund balance was \$3,652,552. As a measure of the General Fund's liquidity, it is useful to compare Unassigned fund balance to total fund revenues. Unassigned General Fund balance represents 18.3% of total General Fund expenditures (on a budgetary basis) in the current fiscal year. In the prior year, the Unassigned Fund Balance was 16.3% of the total General Fund expenditures (on a budgetary basis).

The Town's total General Fund balance decreased by \$562,687 or 16.2% during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Better (Worse) Than Budget</u>
Revenues:			
Property taxes	\$ 15,455,776	\$ 15,579,684	\$ 123,908
Interest and investment earnings	4,200	3,919	(281)
Intergovernmental	4,001,153	4,057,882	56,729
Licenses, fees, fines and charges	237,910	220,470	(17,440)
Other	<u>578,256</u>	<u>518,450</u>	<u>(59,806)</u>
Total revenues	<u>20,277,295</u>	<u>20,380,405</u>	<u>103,110</u>
Expenditures:			
General government	5,109,848	4,684,765	425,083
Debt service	1,065,184	1,065,184	-
Capital outlay	427,826	427,825	1
Education	<u>13,775,463</u>	<u>13,775,463</u>	<u>-</u>
Total expenditures	<u>20,378,321</u>	<u>19,953,237</u>	<u>425,084</u>
Increase in fund balance – budgetary basis	<u>\$ (101,026)</u>	<u>\$ 427,168</u>	<u>\$ 528,194</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Town had \$53,753,092 invested in capital assets. This amount represents a net increase (including additions and deductions) of \$13,613,439 from last year. This is primarily due to various infrastructure projects, which more than offset the current year's depreciation expense. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

Debt

At June 30, 2020, the Town had bond anticipation notes outstanding of \$5,352,559 and general obligation bonds of \$22,418,540. In addition, subsequent to June 30, 2020, on October 23, 2020, the Town issued \$3,934,510 of general obligation bonds. This debt was issued primarily for the School Modernization project. More detailed information about the Town's long-term obligations is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Grand List for Fiscal Year 2019-2020 declined by approximately 0.2% percent. This reduction is mainly because of land that was put in the PA 490 program as forest and farmland. The Town's surplus is currently \$3,652,552 or approximately 17.6% of the Town's approved fiscal year 2020-2021 budget.

The residential and commercial growth trend continued in North Stonington during FY 2019-20. The CT Town Economic Index for North Stonington, as reported in the October 2020 issue of the CT Economic Digest, shows yet another gain for the fourth year in a row. For all towns with a population less than 25,000, North Stonington and Hampton experienced the fastest growth between 2010 and 2019. There was a slight decrease in the number of Zoning Permits issued, but 10 new single-family houses were approved in FY 2019-20, bringing the total of new houses approved during the last 4 years to 40.

On the commercial side of the grand list, North Stonington continues to see growth, both in new construction and redevelopment of vacant or underutilized space. The new businesses include: six new Home Occupations (three landscapers/commercial services, honey processing, a farm stand, and gun restoration); a new winery with a large wedding barn; a new event barn at an existing tree farm; a food manufacturer; two State licensed Hemp Farms, one of which has an associated nonprofit dedicated to reinvigorating veterans through community outreach and agriculture; and an Alarm System sales office.

The Shunock River (Micro) Brewery opened fully this year in the center of the Historic Village and added an outdoor dining area. Three other existing businesses have also expanded their footprints. In total, approximately 200,000 sf of construction activity, valued at over \$9,000,000 (including trades) was approved in FY 2019-20.

The approved 120-ac Solar Farm off Ella Wheeler Rd has broken ground and a smaller solar facility off Pendleton Hill Rd. was approved, but has not begun construction. Another large solar project is in the planning stages on the Lewis farm off Boombridge Road. These solar projects contribute to the Land Use Department revenue significantly as their high project value equates to significant building review fees. Total fees collected for all Land Use and Building permits during FY 2019-20 were over \$85,000.

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

Despite the pandemic, there has been an increase in private investment and property/land transactions. Two major businesses are planning large-scale expansions, and discussions have begun with multiple property owners about future development plans that include mixed-use, warehouses, contactor space, hospitality uses. The Town Planner and Water Pollution Control Authority continue to work with consultants and private landowners to extend water and sewer infrastructure to select parcels within the established Sewer District to help facilitate continued private investment in the Economic Development and Industrial Districts.

The Town continued service to residents with some minor adjustments due to COVID-19. Town Hall offices remained open as did the Transfer Station. The weekly lunch for Seniors was offered as takeout rather than a weekly gathering. Parks & Recreation offered virtual programming and was still able to offer an in person summer playground camp. Boards and commissions moved to virtual meetings through Zoom, but continued to move forward the business of the Town.

REQUESTS FOR INFORMATION

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**STATEMENT OF NET POSITION
JUNE 30, 2020**

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 6,637,960
Receivables:	
Taxes and interest	567,967
Intergovernmental	153,888
Other	47,029
Prepaid expenses	16,460
Inventory	5,553
Noncurrent assets:	
Capital assets:	
Not being depreciated	953,240
Being depreciated, net of accumulated depreciation	52,799,852
	<hr/>
Total assets	61,181,949
	<hr/>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	1,035,773
Accrued expenses	2,580,307
Accrued interest payable	354,609
Unearned revenue	154,593
Performance bonds payable	69,933
Noncurrent liabilities:	
Due within one year	6,072,626
Due in more than one year	25,521,481
	<hr/>
Total liabilities	35,789,322
	<hr/>
<u>Deferred Inflows of Resources</u>	
OPEB related items	1,607,626
	<hr/>
<u>Net Position</u>	
Net investment in capital assets	25,597,384
Restricted:	
Expendable	113,232
Unrestricted	(1,925,615)
	<hr/>
Total net position	\$ 23,785,001
	<hr/>

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

					Net (Expense) Revenue and Changes in Net Position
		Program Revenues			Governmental Activities
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:	Expenses				
General government	\$ (2,267,667)	\$ 383,762	\$ 5,500	\$ -	\$ (1,878,405)
Public safety	(1,192,127)	-	-	-	(1,192,127)
Public works	(1,902,420)	-	236,600	236,281	(1,429,539)
Education	(17,249,260)	103,044	5,896,904	4,548,281	(6,701,031)
Interest on debt	(706,389)	-	-	-	(706,389)
Total governmental activities	\$ (23,317,863)	\$ 486,806	\$ 6,139,004	\$ 4,784,562	(11,907,491)
General Revenues:					
					15,555,578
Property taxes, interest, and lien fees					958,585
Grants and contributions not restricted to specific programs					3,919
Interest and investment earnings					234,873
Other					16,752,955
Total general revenues					
Change in net position					4,845,464
Net position, beginning of year					18,939,537
Net position, end of year					<u>\$ 23,785,001</u>

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	Emergency Services Center	School Modernization Project	Other Funds	Total Governmental Funds
<u>Assets</u>							
Cash and cash equivalents	\$ 5,051,953	\$ 206,136	\$ -	\$ 24,953	\$ 1,255,381	\$ 99,537	\$ 6,637,960
Receivables:							
Taxes and interest	567,967	-	-	-	-	-	567,967
Intergovernmental	118,818	-	-	-	-	35,070	153,888
Other	47,029	-	-	-	-	-	47,029
Prepaid expenses	16,460	-	-	-	-	-	16,460
Due from other funds	5,198	134,465	311,371	-	-	30,760	481,794
Inventory	-	-	-	-	-	5,553	5,553
Total assets	\$ 5,807,425	\$ 340,601	\$ 311,371	\$ 24,953	\$ 1,255,381	\$ 170,920	\$ 7,910,651
<u>Liabilities</u>							
Accounts payable	\$ 653,573	\$ -	\$ -	\$ 1,086	\$ 381,114	\$ -	\$ 1,035,773
Accrued expenses	80,138	-	-	-	2,486,238	13,931	2,580,307
Performance bonds payable	69,933	-	-	-	-	-	69,933
Unearned revenue	132,767	-	-	-	-	21,826	154,593
Due to other funds	476,596	-	-	-	5,198	-	481,794
Total liabilities	1,413,007	-	-	1,086	2,872,550	35,757	4,322,400
<u>Deferred Inflows of Resources</u>							
Unavailable revenue - taxes	360,678	-	-	-	-	-	360,678
<u>Fund Balances</u>							
Nonspendable	16,460	-	-	-	-	5,553	22,013
Restricted	-	39,709	31,196	-	-	42,327	113,232
Committed	-	300,892	280,175	23,867	-	26,589	631,523
Assigned	364,728	-	-	-	-	71,487	436,215
Unassigned	3,652,552	-	-	-	(1,617,169)	(10,793)	2,024,590
Total fund balances	4,033,740	340,601	311,371	23,867	(1,617,169)	135,163	3,227,573
Total liabilities, deferred inflows of resources, and fund balances	5,807,425	340,601	311,371	24,953	1,255,381	170,920	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	53,753,092
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	360,678
Long-term and related liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Long-term debt outstanding	(28,087,170)
Compensated absences, self insurance, and OPEB related items	(5,084,563)
Accrued interest payable	(354,609)
Landfill costs	(30,000)
Net position	\$ 23,785,001

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	Emergency Services Center	School Modernization Project	Other Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 15,579,684	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,579,684
Intergovernmental	6,985,602	-	-	-	4,548,281	310,609	11,844,492
Local	615,457	3,455	-	-	-	144,345	763,257
Total revenues	23,180,743	3,455	-	-	4,548,281	454,954	28,187,433
Expenditures:							
Current:							
General government	2,096,858	-	-	-	-	30,557	2,127,415
Public safety	949,277	-	-	-	-	-	949,277
Public works	1,668,717	-	-	-	-	-	1,668,717
Education	16,403,692	-	-	-	-	454,137	16,857,829
Capital outlay	-	58,902	578,805	213,339	13,519,463	-	14,370,509
Debt service	759,694	-	-	-	485,471	-	1,245,165
Total expenditures	21,878,238	58,902	578,805	213,339	14,004,934	484,694	37,218,912
Excess of revenues over (under) expenditures	1,302,505	(55,447)	(578,805)	(213,339)	(9,456,653)	(29,740)	(9,031,479)
Other Financing Sources (Uses):							
Proceeds from issuance of notes/loans	-	-	-	-	9,000,000	-	9,000,000
Bond anticipation notes-net	-	-	-	-	(1,926,887)	-	(1,926,887)
Transfers in	127,382	173,725	387,825	-	305,490	160	994,582
Transfers out	(867,200)	-	(127,382)	-	-	-	(994,582)
Total other financing sources (uses)	(739,818)	173,725	260,443	-	7,378,603	160	7,073,113
Net change in fund balances	562,687	118,278	(318,362)	(213,339)	(2,078,050)	(29,580)	(1,958,366)
Fund balance, beginning of year	3,471,053	222,323	629,733	237,206	460,881	164,743	5,185,939
Fund balances, end of year	\$ 4,033,740	\$ 340,601	\$ 311,371	\$ 23,867	\$ (1,617,169)	\$ 135,163	\$ 3,227,573

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, 2020**

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

Net change in fund balances - total governmental funds **\$ (1,958,366)**

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

Capital outlays (net of disposals) treated as expenditures	14,335,377
Depreciation expense not considered in the fund statements	(721,938)
	13,613,439

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Principal repayments or refinanced (proceeds):

Bond anticipation notes, obligation bonds, and construction loan, net	(6,692,885)
Capital leases, net	13,343
Post-closure landfill costs	6,000
	(6,673,542)

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

Revenues:

Taxes, interest, and liens	(24,106)
----------------------------	----------

Expenses:

Compensated absences, self insurance, and OPEB related items	(158,504)
Accrued interest payable	46,543
	(136,067)

Change in net position **\$ 4,845,464**

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes, interest, and lien fees	\$ 15,455,776	\$ 15,455,776	\$ 15,579,684	\$ 123,908
Interest and investment earnings	4,200	4,200	3,919	(281)
Intergovernmental	4,001,153	4,001,153	4,057,882	56,729
Licenses, fees, fines and charges	237,910	237,910	220,470	(17,440)
Other	578,256	578,256	518,450	(59,806)
Total revenues	20,277,295	20,277,295	20,380,405	103,110
Expenditures:				
Current:				
General government	248,891	254,684	258,583	(3,899)
Probate Court	2,795	2,795	2,806	(11)
Board of Finance	20,750	20,750	19,849	901
Assessor's Office	125,272	125,272	122,993	2,279
Board of Assessment Appeals	1,300	1,300	702	598
Tax Collector	50,280	50,280	46,535	3,745
Town Treasurer	7,691	7,691	7,661	30
Town Attorney	18,000	18,000	16,369	1,631
Annexation related	25,000	25,000	9,261	15,739
Town Clerk	76,445	76,445	76,361	84
Planning and Zoning Commission	143,746	143,746	129,415	14,331
Building Department	48,336	48,336	25,364	22,972
Zoning Board of Appeals	100	100	-	100
Affordable housing committee	930	930	277	653
School Building and Planning Committee	-	-	-	-
Economic Development Commission	10,554	10,554	4,319	6,235
Recreation Commission	116,477	116,477	98,653	17,824
Inland Wetlands Commission	7,606	7,606	7,606	-
Conservation Commission	1,600	1,600	1,572	28
Fixed charges	871,751	871,751	846,647	25,104
Elections and Town Meetings	33,056	33,056	26,650	6,406
Town Hall	67,499	67,499	56,033	11,466
Social Services/Welfare	35,500	35,500	31,250	4,250
Selectmen's Engineering Service	2,500	2,500	2,500	-
Information Technology	113,068	113,068	112,476	592
Public safety	1,046,244	1,043,727	949,277	94,450
Public works	1,763,985	1,857,961	1,668,717	189,244
Conservation of Health	40,679	40,679	39,704	975
Senior Citizens	67,293	67,293	63,101	4,192
Miscellaneous	59,251	63,748	60,084	3,664
Education	13,775,463	13,775,463	13,775,463	-
Capital outlay	427,826	427,826	427,825	1
Debt service	1,065,184	1,065,184	1,065,184	-
Total expenditures	20,276,572	20,378,321	19,953,237	425,084
Net change in fund balance	\$ 723	\$ (101,026)	427,168	\$ 528,194
Fund balance, beginning of year			3,241,844	
Fund balance, end of year			\$ 3,669,012	

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	Pension Trust Funds	Other Fiduciary Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 270,621	\$ 78,363
Investments	2,653,067	-
Other receivables	114,136	-
Total assets	3,037,824	78,363
<u>Liabilities</u>		
Due to students and developers	-	78,363
Due to governmental funds	-	-
Total liabilities	-	78,363
Net position held in trust for pension benefits	\$ 3,037,824	\$ -

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Pension Trust Funds</u>
Additions:	
Employer contributions	\$ 194,306
Investment earnings	<u>83,651</u>
Total additions	<u>277,957</u>
Deductions:	
Distributions	747,697
Administrative expenses	<u>199</u>
Total deductions	<u>747,896</u>
Change in net position	(469,939)
Net position, beginning of year	<u>3,507,763</u>
Net position, end of year	<u><u>\$ 3,037,824</u></u>

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

TOWN OF NORTH STONINGTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

Governmental Funds

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

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

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

Fiduciary Funds

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

The **School Modernization Project** is used to record the activity and related bond anticipation notes outstanding for the school modernization project.

Additionally, the Town reports the following funds:

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

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

Cash, Cash Equivalents, and Investments

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

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

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

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

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

Receivables

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

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Under Connecticut State Statutes, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of 15 years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due. The Town establishes allowances for uncollectible taxes and interest based on historical collection experience and other factors. As of June 30, 2020, the Town has no allowance for uncollectible taxes and interest.

Interfund Transactions

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

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

Capital Assets

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

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

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

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

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

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

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

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to OPEB changes of assumptions and other inputs in the government-wide Statement of Net Position. The Town also reports a deferred inflow of resources for unavailable revenues from property taxes in the governmental funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

Encumbrances

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

Fund Equity and Net Position

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

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

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

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

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

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

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

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

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

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

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

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

Estimates

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

Note 2 – Budgets and Budgetary Accounting

Budgetary Basis

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

- Teachers' Retirement and Connecticut State Teachers' OPEB – the Town does not recognize as income or expenditures payments made for teachers' retirement and OPEB by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement No. 68 and No. 75 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- Encumbrances – Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.

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

	Restated Fund Balance <u>Beginning</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Uses</u>	Fund Balance <u>Ending</u>
GAAP basis	\$ 3,471,053	\$ 23,180,743	\$ (21,878,238)	\$ (739,818)	\$ 4,033,740
Encumbrances:					
June 30, 2019	(229,209)	-	229,209	-	-
June 30, 2020	-	-	(364,728)	-	(364,728)
Reclassifications	-	127,382	(867,200)	(739,818)	-
Teachers' retirement system and OPEB on behalf payments	-	(2,927,720)	2,927,720	-	-
Budgetary basis	<u>\$ 3,241,844</u>	<u>\$ 20,380,405</u>	<u>\$ (19,953,237)</u>	<u>\$ -</u>	<u>\$ 3,669,012</u>

Budget Calendar

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

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

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

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Budget Control

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

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

Special Revenue Funds

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

Capital Project Funds

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

Note 3 – Deposits and Investments

Cash and Cash Equivalents

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

Governmental funds	\$ 6,637,960
Fiduciary funds	<u>348,984</u>
Total cash and cash equivalents	<u>\$ 6,986,944</u>

Custodial Credit Risk on Deposits

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

Covered by Federal Depository Insurance	\$ 328,363
Uninsured and collateralized	1,388,662
Uninsured and uncollateralized	<u>5,428,531</u>
Total Deposits	<u>\$ 7,145,556</u>

Investments

As of June 30, 2020, the Town's investments consisted of the following:

	Fiduciary
	<u>Funds</u>
Mutual funds	<u>\$ 2,653,067</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Fair Value Measurements

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

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

The Town’s investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2020.

Note 4 – Operating Lease

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

<u>Year Ending</u>	<u>Future Rental Payments</u>
2021	\$ 25,906
2022	26,424
2023	27,216
2024	28,032
2025	28,872
2026-2030	<u>157,872</u>
	<u>\$ 294,322</u>

Note 5 – Capital Assets

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

General government	\$ 140,252
Public works	117,213
Public safety	144,188
Education	<u>320,285</u>
Total depreciation expense	<u>\$ 721,938</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Capital asset activity for the year was as follows:

	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020
Capital assets not being depreciated:				
Construction in process	\$ 24,039,976	\$ -	\$ 24,039,976	\$ -
Land	<u>953,240</u>	<u>-</u>	<u>-</u>	<u>953,240</u>
	<u>24,993,216</u>	<u>-</u>	<u>24,039,976</u>	<u>953,240</u>
Capital assets being depreciated:				
Buildings and improvement	18,019,714	38,108,120	-	56,127,834
Furniture and equipment	7,436,378	268,933	29,800	7,675,511
Infrastructure	<u>3,185,995</u>	<u>-</u>	<u>-</u>	<u>3,185,995</u>
	<u>28,642,087</u>	<u>38,377,053</u>	<u>29,800</u>	<u>66,989,340</u>
Accumulated depreciation	<u>(13,495,650)</u>	<u>(721,938)</u>	<u>(28,100)</u>	<u>(14,189,488)</u>
Capital assets, net	<u>\$ 40,139,653</u>	<u>\$ 37,655,115</u>	<u>\$ 24,041,676</u>	<u>\$ 53,753,092</u>

Note 6 – Interfund Receivables, Payables, and Transfers

Interfund transfers are generally used to transfer monies raised in taxes to other funds. During the year, transfers from the General Fund are as follows:

	Transfers In					Total
	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	School Modernization Project	Other Funds	
Transfers out:						
General Fund	\$ -	\$ 173,725	\$ 387,825	\$ 305,490	\$ 160	\$ 867,200
Capital Projects Fund	<u>127,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,382</u>
	<u>\$ 127,382</u>	<u>\$ 173,725</u>	<u>\$ 387,825</u>	<u>\$ 305,490</u>	<u>\$ 160</u>	<u>\$ 994,582</u>

As of June 30, 2020, interfund receivables and payables were as follows:

	Due From		
	General Fund	School Modernization Fund	Total
Due To:			
General Fund	\$ -	\$ 5,198	\$ 5,198
Capital Nonrecurring Fund	134,465	-	134,465
Capital Projects Fund	311,371	-	311,371
Other Funds	<u>26,589</u>	<u>-</u>	<u>26,589</u>
	<u>\$ 472,425</u>	<u>\$ 5,198</u>	<u>\$ 477,623</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.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Note 7 – Long-Term Obligations

Changes In Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bond anticipation notes	\$ 7,279,446	\$ 8,073,113	\$ 10,000,000	\$ 5,352,559	\$ 5,352,559
General obligation bonds	13,798,768	9,000,000	380,228	22,418,540	587,694
Capital lease obligations	329,414	112,005	125,348	316,071	126,373
Compensated absences	251,609	122,490	-	374,099	-
Post-closure landfill costs	36,000	-	6,000	30,000	6,000
Self-insurance benefit liability	-	68,662	-	68,662	-
Net OPEB liability	<u>2,750,325</u>	<u>307,890</u>	<u>24,039</u>	<u>3,034,176</u>	<u>-</u>
	<u>\$ 24,445,562</u>	<u>\$ 17,684,160</u>	<u>\$ 10,535,615</u>	<u>\$ 31,594,107</u>	<u>\$ 6,072,626</u>

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. At June 30, 2020, the Town was indebted under the following bond anticipation notes:

	<u>Issue</u>	<u>Date</u>	<u>Rate (%)</u>	<u>Issue</u>	<u>June 30, 2020</u>
School Modernization Project	10/25/2019	10/25/2020	2.00%	\$ 10,000,000	\$ 5,352,559

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town.

General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2020</u>
General obligation bonds:					
School modernization project	11/18	11/48	2.75%	\$ 9,000,000	\$ 8,802,990
Emergency services complex	7/18	11/38	2.75%	4,798,768	4,615,550
School modernization project	10/19	10/50	2.75%	<u>9,000,000</u>	<u>9,000,000</u>
Total general obligation bonds				<u>\$ 22,798,768</u>	<u>\$ 22,418,540</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 587,694	\$ 616,510
2022	603,856	600,348
2023	620,462	583,742
2024	637,525	566,679
2025	655,057	549,147
2026-2030	3,555,606	2,465,415
2031-2035	4,072,141	1,948,879
2036-2040	4,347,440	1,357,332
2041-2045	3,630,273	814,829
2046-2050	<u>3,708,486</u>	<u>287,511</u>
Total	<u>\$ 22,418,540</u>	<u>\$ 9,790,392</u>

Subsequent to June 30, 2020, on October 3, 2020, the Town issued \$3,934,510 of general obligation bonds. The general obligation bonds mature serially over 30 years and bear interest of 2.125%.

The annual debt service requirements to maturity for these general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 95,137	\$ 83,608
2022	97,158	81,587
2023	99,223	79,522
2024	101,331	77,414
2025	103,485	75,260
2026-2030	551,359	342,366
2031-2035	612,485	281,240
2036-2040	680,385	213,340
2041-2045	755,815	137,908
2046-2050	<u>838,132</u>	<u>54,121</u>
Total	<u>\$ 3,934,510</u>	<u>\$ 1,426,366</u>

Capital Lease Obligations

In December 2017, the Town entered into an equipment capital lease agreement. The agreement required a down payment of \$50,000 in January 2018 and requires annual payments of principal and interest of \$48,795 for three years beginning January 2019.

In October 2018, the Town entered into an ambulance and equipment capital lease agreement. The agreement requires annual payments of principal and interest of \$64,685 for five years beginning November 2018.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

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, 2020, there was \$68,662 of claims payable.

Authorized and Unissued Debt

At June 30, 2020, there was \$3,626,376 authorized and unissued bonds for the School Modernization Project.

Statutory Debt Limitation

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2020.

Post-Closure Landfill Costs

The Town has a closed landfill. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for 30 years after closure. These costs will be paid through the General Fund each year as part of the annual budget. Total estimated costs based on the current actual costs are included in long-term obligations. The actual costs may vary based on actual events, inflation, changes in technology, and applicable laws and regulations.

Note 8 – Net Position and Fund Balances

Restricted Net Position

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

	<u>Expendable</u>
Sewer study (STEAP grant)	\$ 31,196
Town Clerk document restoration	8,506
LOCIP capital improvements	31,203
Scholarships	<u>42,327</u>
	<u>\$ 113,232</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Fund Balances

As of June 30, 2020, governmental fund balances are composed of the following:

	General Fund	Capital Nonrecurring	Capital Projects Fund	Emergency Services Center	School Modernization Project	Other Funds	Total Governmental Funds
Nonspendable:							
Prepaid expenses	\$ 16,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,460
Inventory	-	-	-	-	-	5,553	5,553
	<u>16,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,553</u>	<u>22,013</u>
Restricted:							
Capital projects	-	39,709	31,196	-	-	-	70,905
Education	-	-	-	-	-	42,327	42,327
	<u>-</u>	<u>39,709</u>	<u>31,196</u>	<u>-</u>	<u>-</u>	<u>42,327</u>	<u>113,232</u>
Committed:							
Capital projects	-	300,892	280,175	23,867	-	-	604,934
Inland Wetland mitigation	-	-	-	-	-	13,287	13,287
General government	-	-	-	-	-	3,286	3,286
Open space	-	-	-	-	-	10,016	10,016
	<u>-</u>	<u>300,892</u>	<u>280,175</u>	<u>23,867</u>	<u>-</u>	<u>26,589</u>	<u>631,523</u>
Assigned:							
General government	-	-	-	-	-	2,500	2,500
Education	364,728	-	-	-	-	68,987	433,715
	<u>364,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,487</u>	<u>436,215</u>
Unassigned	<u>3,652,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,617,169)</u>	<u>(10,793)</u>	<u>2,024,590</u>
	<u>\$ 4,033,740</u>	<u>\$ 340,601</u>	<u>\$ 311,371</u>	<u>\$ 23,867</u>	<u>\$ (1,617,169)</u>	<u>\$ 135,163</u>	<u>\$ 3,227,573</u>

Note 9 – Deficit Fund Balances

The School Modernization Project and Education Grants funds have deficit fund balances of \$1,617,169 and \$10,793, respectively at June 30, 2020. Such deficits are expected to be funded by the General Fund, intergovernmental grants, and the issuance of debt.

Note 10 – Employee Retirement Plans

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

Board of Education Pension Plans

At June 30, 2020, there were 9 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, 2020, the Town contributed \$53,693 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 10% of each participant's compensation. Participants are fully vested immediately upon participation in the plan.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Plan #30027

Eligibility in the Board of Education CNBU Money Purchase plan is limited to those employees of the Board of Education who are not participants in the Board of Education Pension Plan above. All participants must have completed six months of service and must have attained age twenty and one-half. Participants may contribute voluntarily to the plan. The Town annually contributes 14% of each participant's compensation. Participants are fully vested immediately upon participation in the plan.

General Government Pension Plan

Eligibility in the plan is limited to the Highway Foreman, First Selectman, First Selectman's Assistant, 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, 2020 is as follows:

American Federation of State, County, and Municipal Employees	10% of annual compensation
United Steelworkers of America	10% of annual compensation
First Selectman's Assistant	14% of annual compensation
All other participants	10% of annual compensation

For the year ended June 30, 2020, the Town contributed \$140,613 to the plan all of which is allocated to the participants' individual retirement. The plan is administered by the Town. There were 19 participants in the plan.

Connecticut State Teachers' Retirement System

Description of the Connecticut State Teachers' Retirement System

Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation. As such, the Town does not have a liability related to participants in the System.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

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

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Benefits Provided

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

The System 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.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest 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 with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

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 benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. 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 System, but not less than 15%, nor more than 50%. In addition, disability benefits under this System (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

A System member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The System also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contribution Requirements

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

Participants are required to contribute 7.00% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2019/2020 school year, \$465,267 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The covered payroll for the Town is \$6,646,269. The Town had 87 active participants in the System at June 30, 2020.

Employers are not required to contribute to the System. The Town does not contribute to the System.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, which was revised to reflect changes contained in the enactment of House Bill 7424 (HB 7424) using the following key actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age
Amortization method	Level percent of pay, closed
Asset valuation method	4-year smoothed market
Inflation	2.50 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	6.90 Percent

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 using the MP-2014 improvement scale is used for the period after disability retirement.

The actuarial demographic assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015. The actuarial economic assumptions used in the June 30, 2018 valuation were based on the results of a study of economic assumptions for use in actuarial valuations report dated April 24, 2019.

Since the prior valuation, the Board adopted new assumptions in conjunction with HB 7424. The changes in assumptions are summarized below:

- Reduce the inflation assumption from 2.75% to 2.50%.
- Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.00% to 6.90%.
- Increase the annual rate of wage increase assumption from 0.50% to 0.75%.

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation, as provided by the State Treasurer's Office, are shown in the following table:

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity - U.S. equity	20.0%	17.0%
Public equity – International developed equity	11.0%	19.0%
Public equity – Emerging markets	9.0%	24.0%
Fixed income – Core fixed income	16.0%	7.0%
Fixed income – Inflation linked bonds	5.0%	7.0%
Fixed income – High yield	6.0%	11.0%
Fixed income – Emerging market debt	5.0%	11.0%
Private equity	10.0%	23.0%
Real estate	10.0%	15.0%
Alternative – Real assets	4.0%	17.0%
Alternative – Hedge funds	3.0%	7.0%
Liquidity fund	<u>1.0%</u>	1.0%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that System 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current System members. Therefore, the long-term expected rate of return on pension System investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate.

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Sensitivity of the System's proportionate share of the net pension liability related to the Town	\$ 32,781,815	\$ 26,280,038	\$ 20,813,990

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

The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$26,280,038 and 100% of the collective net pension liability is allocated to the State.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

June 30, 2018, is the actuarial valuation date upon which the total pension liability is based, which was revised to reflect changes contained in the enactment of House Bill 7424 (HB 7424). The total pension liability is determined as of June 30, 2019, using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the System year and then applies the expected investment rate of return for the year. The procedure was used to determine the System's total pension liability as of June 30, 2019, which is the measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2020, the Town recognized \$3,227,637 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Impact of the COVID-19 Pandemic on the System

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread through the United States. There continues to be considerable uncertainty around the expected duration of this pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. At this point, the extent to which COVID-19 may impact the System's financial condition, and changes in the fair value of its investments or results of operations cannot be reasonably estimated.

Note 11 – Risks and Uncertainties

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

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

The COVID-19 Pandemic outbreak in the United States has caused business disruption through State of Connecticut mandated and voluntary closings of businesses across the state. While the disruption is currently expected to be temporary, there continues to be considerable uncertainty about the duration of closings and the impact on local governments. The Town has been able to operate in a partially remote environment, however, at this point, the extent to which the COVID-19 Pandemic may impact the Town's financial condition or results of operations is uncertain.

Note 12 – Contingent Liabilities and Commitments

Grants

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

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Various Lawsuits

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

Note 13 – North Stonington Other Post Employment Benefits (OPEB)

General Information about the OPEB Plan

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

Eligibility Teachers and Administrators – A teacher or administrator retiring under the Connecticut State Teachers' Retirement System shall be eligible to receive health benefits for self and spouse. Normal retirement for teachers and administrators is the earlier of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earlier of age 60 with 10 years of service, any age with 25 years of service.

All Others – A member retiring at age 55 years or older shall be eligible to continue health insurance coverage for self and spouse. Coverage is pre-65 only.

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

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

At June 30, 2020, the following employees were covered by the benefit terms:

Retired members/beneficiaries receiving benefits	3
Active members	<u>100</u>
	<u>103</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 was \$3,034,176 as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018 with a measurement date of June 30, 2019.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 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, 2019
Actuarial Cost Method	Entry Age Normal, level percent of salary
Salary increases	0.0 %
Discount rate	3.50% as of June 30, 2020 and 3.87% as of June 30, 2019, which is based on the 20-bond GO Index
Healthcare cost trend rates	7.50% percent for 2020, reduced by 0.15% per year, 4.5% ultimate rate
Mortality rates	Based on the RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Mortality Tables projected generationally with Scale MP-2018

Changes in the Total OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) – (b)</u>
Balance at June 30, 2019	<u>\$ 2,750,325</u>	<u>\$ -</u>	<u>\$ 2,750,325</u>
Service cost	120,457	-	120,457
Interest	110,633	-	110,633
Change in assumptions	76,800	-	76,800
Contributions – employer	-	24,039	(24,039)
Benefit payments, including refunds of contributions	<u>(24,039)</u>	<u>(24,039)</u>	<u>-</u>
Net changes	<u>283,851</u>	<u>-</u>	<u>283,851</u>
Balance at June 30, 2020	<u>\$ 3,034,176</u>	<u>\$ -</u>	<u>\$ 3,034,176</u>

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 (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Discount rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 3,519,866	\$ 3,034,176	\$ 2,630,506

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 2,566,451	\$ 3,034,176	\$ 3,609,735

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB income of \$8,609. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,410,634
Changes in assumptions	<u>225,616</u>	<u>422,608</u>
	<u>\$ 225,616</u>	<u>\$ 1,833,242</u>

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

Year ended June 30,	
2021	\$ (239,699)
2022	(239,699)
2023	(239,699)
2024	(239,699)
2025	(239,699)
Thereafter	(409,131)

Impact of the COVID-19 Pandemic on the Plan

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread through the United States. There continues to be considerable uncertainty around the expected duration of this pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs during the term of the projections, no adjustment has been made in the expected plan costs and corresponding liability.

Note 14 – Connecticut State Teachers’ Other Post Employment Benefits (OPEB)

Description of the Connecticut State Teachers’ Other Post-Employment Benefits (OPEB)

Teachers within the Town’s school system participate in a retirement system administered by the Connecticut State Teachers’ Retirement Board, which includes the Retiree Health Insurance Plan (Connecticut State Teachers’ OPEB). This Connecticut State Teachers’ OPEB is a cost sharing multiple employer defined benefit OPEB plan with a special funding situation. As such, the Town does not have a liability related to participants in the Connecticut State Teachers’ OPEB.

The Connecticut State Teachers’ OPEB is considered a part of the State of Connecticut financial reporting entity and is included in the State’s financial reports. Those reports may be obtained at www.ct.gov.

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

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 earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early Retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

Not Certified – A retired employee shall be eligible to receive health benefits for self and spouse.

Benefit Provisions

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Connecticut State Teachers’ OPEB. There are two types of the health care benefits offered. Subsidized Local School Town Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School Town Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care 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 to a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare and 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.

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 Connecticut State Teachers’ OPEB 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.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

Contributions

The Connecticut State Teachers' OPEB contributions made by the State are determined on an actuarial reserve basis.

Participants are required to contribute 1.25% of their annual salary rate to the Connecticut State Teachers' OPEB as required by CGS Section 10-183b (7). For the 2019/2020 school year, \$83,050 mandatory contributions were deducted from the salaries of teachers who were participants of the Connecticut State Teachers' OPEB during that school year. The covered payroll for the Town is \$6,646,269. The Town had 87 active participants in the Connecticut State Teachers' OPEB at June 30, 2020.

Employers are not required to contribute to the Connecticut State Teachers' OPEB. The Town does not contribute to the Connecticut State Teachers' OPEB.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Reporting Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal, level percent of salary
Salary increases	3.25% to 6.50%
Inflation rate	2.75%
Discount rate	3.50% as of June 30, 2019, which is based on the 20-bond Municipal Index rate
Healthcare cost trend rates	5.95% for 2019 decreasing to an ultimate rate of 5.00% by 2022
Mortality rates	Based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2016.

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

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. treasuries (cash equivalents)	<u>100.0%</u>	3.00%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the 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 Connecticut State Teachers' OPEB investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Discount rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Sensitivity of the plan's proportionate share of the net OPEB liability related to the Town	\$ 4,884,214	\$ 4,098,528	\$ 3,472,878

Sensitivity of the Net 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 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 the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Sensitivity of the plan's proportionate share of the net OPEB liability related to the Town	\$ 3,414,443	\$ 4,098,528	\$ 5,012,338

OPEB liabilities, OPEB expense, and deferred inflows/outflows of resources related to OPEB

The State makes all contributions to the Connecticut State Teachers' OPEB on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 75 and the State is treated as a non-employer contributing entity in the Connecticut State Teachers' OPEB. Since the districts do not contribute directly to the Connecticut State Teachers' OPEB, there is no net OPEB liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the State's net OPEB liability that was associated with the Town was \$4,098,528 and 100 percent of the collective net OPEB liability is allocated to the State. The Town's proportionate share of the OPEB liability is zero.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

The Town recognized the OPEB expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective OPEB expense associated with the Town. For the fiscal year ended June 30, 2020, the Town recognized a negative \$299,917 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Impact of the COVID-19 Pandemic on the System

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread through the United States. There continues to be considerable uncertainty around the expected duration of this pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. At this point, the extent to which COVID-19 may impact the System's financial condition, and changes in the fair value of its investments or results of operations cannot be reasonably estimated.

Note 15 – Recently Issued Accounting Standards Not Yet Adopted

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 Pandemic. That objective is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2020 (continued)

In August 2018, the GASB issued Statement No. 90, Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The 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. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

Note 16 – Subsequent Events

Management has evaluated subsequent events from the financial statement date of June 30, 2020 through December 1, 2020, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

Subsequent to June 30, 2020, on October 23, 2020, the Town issued \$3,934,510 of general obligation bonds. The general obligation bonds mature serially over 30 years and bear interest of 2.125%. In addition, the Town issued a bond anticipation note of \$2,935,500, which matures on October 21, 2021 with an interest rate of 2.028%. The proceeds from both were primarily used to pay off the \$5,352,559 bond anticipation note, which matured in October 2020.

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the City could be significantly adversely affected. The extent to which the coronavirus may impact governmental activity, business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the duration and severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others. The Town has not included any contingencies in the financial statements specific to this issue.

In connection with the coronavirus situation, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), is a \$2.2 trillion economic stimulus bill passed by the 116th U.S. Congress and signed into law by President Donald Trump on March 27, 2020 in response to the economic fallout of the COVID-19 Pandemic. There are numerous funding programs available to the Town under the CARES Act. As of the report date, guidance has not yet been finalized for many of the programs. The Town is currently assessing which, if any, of the COVID-19 Pandemic expenditures that have occurred and are continuing to occur may be reimbursable through the CARES Act programs.

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

TOWN OF NORTH STONINGTON, CONNECTICUT

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

	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	26,280,038	20,263,436	21,022,437	22,178,866	16,369,155	15,130,003
Total	<u>\$26,280,038</u>	<u>\$20,263,436</u>	<u>\$21,022,437</u>	<u>\$22,178,866</u>	<u>\$16,369,155</u>	<u>\$15,130,003</u>
Town's covered-employee payroll	<u>\$ 6,646,269</u>	<u>\$ 6,511,600</u>	<u>\$ 6,440,149</u>	<u>\$ 6,257,403</u>	<u>\$ 6,145,952</u>	<u>\$ 5,900,786</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to Connecticut State Teachers' Retirement System

Method and Assumptions used in Calculations of Actuarially Determined Contributions

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

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.50 percent
Salary increase	3.25-6.50 percent, including inflation
Investment rate of return	6.90 percent, net of investment related expense

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**NORTH STONINGTON OTHER POST EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service costs	\$ 120,457	\$ 135,814	\$ 149,172
Interest	110,633	135,127	121,605
Change in benefit terms	-	-	-
Difference between expected and actual experience	-	(1,880,846)	-
Change in assumptions	76,800	211,222	(544,396)
Benefit payments, including refunds of contributions	(24,039)	(64,658)	-
Net change in total OPEB liability	283,851	(1,463,341)	(273,619)
Total OPEB liability, beginning	2,750,325	4,213,666	4,487,285
Total OPEB liability, ending (a)	<u>\$ 3,034,176</u>	<u>\$ 2,750,325</u>	<u>\$ 4,213,666</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ -	\$ -	\$ -
Contributions - members	24,039	64,658	64,495
Net investment income	-	-	-
Benefit payments (based on expected)	(24,039)	(64,658)	(64,495)
Administrative expenses	-	-	-
Net change in plan fiduciary net position	-	-	-
Total fiduciary net position, beginning	-	-	-
Total fiduciary net position, ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability ending (a) - (b)	<u>\$ 3,034,176</u>	<u>\$ 2,750,325</u>	<u>\$ 4,213,666</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**CONNECTICUT STATE TEACHERS' OTHER POST EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>4,098,528</u>	<u>4,050,808</u>	<u>5,410,937</u>
Total	<u>\$ 4,098,528</u>	<u>\$ 4,050,808</u>	<u>\$ 5,410,937</u>
Town's covered-employee payroll	<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 payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total OPEB liability	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

See accompanying Independent Auditors' Report.

**SUPPLEMENTAL
STATEMENTS AND SCHEDULES**

TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Revenues:					
Property taxes, interest and lien fees:					
General property taxes - current	\$ 15,115,776	\$ -	\$ 15,115,776	\$ 15,030,727	\$ (85,049)
General property taxes - past	100,000	-	100,000	257,759	157,759
Supplemental motor vehicles	140,000	-	140,000	167,678	27,678
Interest and lien fees	100,000	-	100,000	123,520	23,520
	15,455,776	-	15,455,776	15,579,684	123,908
Interest and investment earnings	4,200	-	4,200	3,919	(281)
Intergovernmental:					
Education cost sharing	2,666,745	-	2,666,745	2,658,575	(8,170)
Casino revenue	880,690	-	880,690	880,690	-
State aid for town road	240,036	-	240,036	236,600	(3,436)
Local and vocational transportation	1	-	1	-	(1)
Local capital improvement program	49,158	-	49,158	206,979	157,821
Police reimbursement	40,003	-	40,003	-	(40,003)
Telecommunications revenue share	11,494	-	11,494	10,645	(849)
PILOT program reimbursement	12,148	-	12,148	12,148	-
Regional adult education	9,502	-	9,502	11,373	1,871
Veterans exemption reimbursement	6,000	-	6,000	5,342	(658)
Records preservation	5,500	-	5,500	5,500	-
Non-public nurse reimbursement	4,345	-	4,345	-	(4,345)
Disabled exemption reimbursement	500	-	500	728	228
STEAP	2	-	2	11,234	11,232
Emergency management	3,000	-	3,000	-	(3,000)
Boombridge road	72,027	-	72,027	18,068	(53,959)
Other	2	-	2	-	(2)
	4,001,153	-	4,001,153	4,057,882	56,729
Licenses, fees, fines and charges:					
Licenses, permits, conveyance taxes	102,000	-	102,000	113,880	11,880
Recreation Commission	53,907	-	53,907	36,656	(17,251)
Building official	80,000	-	80,000	67,345	(12,655)
Town Clerk LOCIP	1	-	1	-	(1)
Town Clerk restoration fees	1	-	1	-	(1)
Sanitation	1	-	1	-	(1)
Portal on-line copies	2,000	-	2,000	2,589	589
	237,910	-	237,910	220,470	(17,440)

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Other:					
Contractor's tipping fees	\$ 135,000	\$ -	\$ 135,000	\$ 153,348	\$ 18,348
Transfer stickers	1	-	1	-	(1)
Rent Town Property	32,999	-	32,999	33,013	14
Sale of town vehicles	50,000	-	50,000	-	(50,000)
Sanitary landfill - sale of recyclables	7,500	-	7,500	12,114	4,614
SCRRRA subsidy	11,000	-	11,000	14,266	3,266
Miscellaneous	182,949	-	182,949	138,911	(44,038)
Zoning Enforcement Officer	4,500	-	4,500	6,269	1,769
Planning and Zoning	1,500	-	1,500	2,564	1,064
Inland Wetlands	575	-	575	606	31
Assessor's Office	350	-	350	4,061	3,711
GIS services	1	-	1	50	49
Conservation Commission	1,000	-	1,000	940	(60)
Canine account	1,800	-	1,800	70	(1,730)
Fire Marshall	1	-	1	60	59
Resident trooper ticket revenue	5,800	-	5,800	7,185	1,385
Sale of fixed assets	3,000	-	3,000	-	(3,000)
Transfer in deobligated capital projects	127,380	-	127,380	127,381	1
CIRMA credits	7,500	-	7,500	16,019	8,519
Senior Center	5,000	-	5,000	1,291	(3,709)
Zoning Board of Appeals	400	-	400	302	(98)
	578,256	-	578,256	518,450	(59,806)
Total revenues	\$ 20,277,295	\$ -	\$ 20,277,295	\$ 20,380,405	\$ 103,110

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
General Government:					
Salaries:					
First Selectman	\$ 64,948	\$ -	\$ 64,948	\$ 65,448	\$ (500)
Second Selectman	2,703	-	2,703	2,703	-
Third Selectman	2,703	-	2,703	2,703	-
Secretary	39,110	-	39,110	43,159	(4,049)
Bookkeeper	53,189	5,793	58,982	58,982	-
Selectmen's expenditures	4,000	-	4,000	3,709	291
Office expenditures	1,000	-	1,000	1,019	(19)
Council of Small Towns	825	-	825	825	-
Certifications/seminars	2,500	-	2,500	1,545	955
SE CT Council of Governments	2,913	-	2,913	2,913	-
Admin and finance officer	75,000	-	75,000	75,577	(577)
	<u>248,891</u>	<u>5,793</u>	<u>254,684</u>	<u>258,583</u>	<u>(3,899)</u>
Probate Court	<u>2,795</u>	<u>-</u>	<u>2,795</u>	<u>2,806</u>	<u>(11)</u>
Board of Finance:					
Operating expenditures	250	-	250	149	101
Auditing	20,500	-	20,500	19,700	800
	<u>20,750</u>	<u>-</u>	<u>20,750</u>	<u>19,849</u>	<u>901</u>
Assessor's Office:					
Salaries:					
Assessor	72,045	-	72,045	72,254	(209)
Assessor assistant	49,327	-	49,327	49,466	(139)
Office expenditures	3,000	-	3,000	1,273	1,727
Seminars	450	-	450	-	450
Travel expenditures	300	-	300	-	300
Memberships	150	-	150	-	150
	<u>125,272</u>	<u>-</u>	<u>125,272</u>	<u>122,993</u>	<u>2,279</u>
Board of Assessment Appeals	<u>1,300</u>	<u>-</u>	<u>1,300</u>	<u>702</u>	<u>598</u>
Tax Collector:					
Salaries:					
Tax Collector	34,245	-	34,245	32,634	1,611
Clerical	-	-	-	-	-
Office expenditures	9,000	-	9,000	7,140	1,860
Computer	6,435	-	6,435	6,761	(326)
Travel expenditures	600	-	600	-	600
	<u>50,280</u>	<u>-</u>	<u>50,280</u>	<u>46,535</u>	<u>3,745</u>
Town Treasurer:					
Salary	7,491	-	7,491	7,491	-
Seminars	200	-	200	170	30
	<u>7,691</u>	<u>-</u>	<u>7,691</u>	<u>7,661</u>	<u>30</u>
Town Attorney	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>16,369</u>	<u>1,631</u>
Annexation Related:					
Tribal recognition	25,000	-	25,000	9,261	15,739
	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>9,261</u>	<u>15,739</u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Town Clerk:					
Salaries:					
Town Clerk	\$ 49,253	\$ -	\$ 49,253	\$ 49,632	\$ (379)
Assistant	3,060	-	3,060	3,000	60
Office expenditures	5,232	-	5,232	4,931	301
Records restoration grant	5,500	-	5,500	5,500	-
Ordinances	2,600	-	2,600	2,048	552
Land records	10,800	-	10,800	11,250	(450)
	<u>76,445</u>	<u>-</u>	<u>76,445</u>	<u>76,361</u>	<u>84</u>
Planning and Zoning Commission:					
Salaries:					
Zoning Officer	74,909	-	74,909	75,115	(206)
Assistant	42,962	-	42,962	40,008	2,954
Membership dues & training	1,300	-	1,300	1,094	206
Travel expenditures	500	-	500	342	158
Attorney	12,500	-	12,500	8,657	3,843
Contracted consulting services	2,500	-	2,500	-	2,500
Office expenses	4,675	-	4,675	1,738	2,937
Advertising	4,400	-	4,400	2,461	1,939
	<u>143,746</u>	<u>-</u>	<u>143,746</u>	<u>129,415</u>	<u>14,331</u>
Building Department:					
Salaries:					
Building Official	45,500	-	45,500	22,864	22,636
Clerical stipends	2,500	-	2,500	2,439	61
Membership dues & training	136	-	136	45	91
Travel expenditures	200	-	200	16	184
	<u>48,336</u>	<u>-</u>	<u>48,336</u>	<u>25,364</u>	<u>22,972</u>
Zoning Board of Appeals	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>100</u>
Affordable housing committee	<u>930</u>	<u>-</u>	<u>930</u>	<u>277</u>	<u>653</u>
Economic Development Commission:					
Operating expenditures	8,400	-	8,400	2,165	6,235
CT Regional Economic Development	2,154	-	2,154	2,154	-
Consulting	-	-	-	-	-
	<u>10,554</u>	<u>-</u>	<u>10,554</u>	<u>4,319</u>	<u>6,235</u>
Recreation Commission:					
Salaries:					
Administrative	25,327	-	25,327	25,521	(194)
Camp Directors, etc.	13,946	-	13,946	7,886	6,060
Program expenditures	48,782	-	48,782	42,941	5,841
Maintenance	5,000	-	5,000	5,024	(24)
Old fire station expenses	11,000	-	11,000	8,318	2,682
Administrative expenditures	12,422	-	12,422	8,963	3,459
	<u>116,477</u>	<u>-</u>	<u>116,477</u>	<u>98,653</u>	<u>17,824</u>
Inland Wetlands Commission:					
Wages - Enforcement Officer	<u>7,606</u>	<u>-</u>	<u>7,606</u>	<u>7,606</u>	<u>-</u>
	<u>7,606</u>	<u>-</u>	<u>7,606</u>	<u>7,606</u>	<u>-</u>
Conservation Commission	<u>1,600</u>	<u>-</u>	<u>1,600</u>	<u>1,572</u>	<u>28</u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Water Pollution Control Authority:					
WPCA expenditures	\$ 1,500	\$ -	\$ 1,500	\$ -	\$ 1,500
	1,500	-	1,500	-	1,500
Fixed Charges:					
Town insurance	78,175	-	78,175	70,413	7,762
Volunteer fire co. insurance	22,000	-	22,000	22,000	-
Ambulance association insurance	1	-	1	-	1
Workers compensation insurance	20,021	-	20,021	20,020	1
Social security	119,696	-	119,696	111,459	8,237
Medical insurance	402,612	-	402,612	395,405	7,207
Employee benefits - pension	137,746	-	137,746	137,539	207
Volunteer incentive award - fire	33,000	-	33,000	33,000	-
Volunteer activity stipend - fire	52,000	-	52,000	52,000	-
Volunteer incentive ambulance	6,500	-	6,500	4,811	1,689
	871,751	-	871,751	846,647	25,104
Elections and Town Meetings:					
Salaries:					
Registrar of Voters	6,528	-	6,528	6,528	-
Registrar of Voters	6,528	-	6,528	6,528	-
Expenses	20,000	-	20,000	13,594	6,406
	33,056	-	33,056	26,650	6,406
Town Hall:					
Expenditures	46,000	-	46,000	40,129	5,871
Leasing equipment	10,830	-	10,830	8,835	1,995
Communication commission	3,000	-	3,000	2,940	60
Holly Green rental - nursing	1,668	-	1,668	1,668	-
Quarterly newsletter	6,000	-	6,000	2,460	3,540
Building leases	1	-	1	1	-
	67,499	-	67,499	56,033	11,466
Social Services/Welfare:					
Welfare	1,500	-	1,500	-	1,500
New London Hospitality Center	1,000	-	1,000	-	1,000
Pawcatuck Neighborhood Center	25,000	-	25,000	25,000	-
Women's Center	2,000	-	2,000	2,000	-
Frank Olean Regional Center	1,500	-	1,500	-	1,500
United Community & Family Svcs	1,000	-	1,000	1,000	-
TVCCA	1,000	-	1,000	1,000	-
Mystic Shelter	1,500	-	1,500	1,500	-
Keeping NS affordable	750	-	750	750	-
Sex assault crisis center	250	-	250	-	250
	35,500	-	35,500	31,250	4,250
Selectmen's Engineering Service:					
Engineering for selectmen	2,500	-	2,500	2,500	-
Inspection of existing roads	-	-	-	-	-
	2,500	-	2,500	2,500	-

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Information Technology:					
Coordinator	\$ 50,393	\$ -	\$ 50,393	\$ 50,229	\$ 164
Office expense	300	-	300	275	25
Open government	13,300	-	13,300	13,300	-
Digitized maintenance	36,390	-	36,390	36,001	389
Computer maintenance	12,685	-	12,685	12,671	14
	<u>113,068</u>	<u>-</u>	<u>113,068</u>	<u>112,476</u>	<u>592</u>
Public Safety:					
911 dispatching	49,438	-	49,438	49,438	-
Volunteer fire company	129,413	-	129,413	129,413	-
Fire Marshal	13,116	-	13,116	13,116	-
Fire Marshal operating expenditures	1,800	-	1,800	900	900
State troopers	451,138	(4,497)	446,641	398,124	48,517
State trooper DUI grant	40,000	-	40,000	-	40,000
Civil preparedness agency stipend	6,800	-	6,800	6,800	-
Civil preparedness expenditures	3,500	-	3,500	1,763	1,737
Emergency generator service contract	1,650	-	1,650	2,000	(350)
Animal control salary	22,389	1,980	24,369	24,549	(180)
Animal control training	1,000	-	1,000	890	110
Animal control operating expenditures	6,000	-	6,000	4,198	1,802
Center for Emergency Services	70,000	-	70,000	68,246	1,754
Ambulance association	250,000	-	250,000	249,840	160
	<u>1,046,244</u>	<u>(2,517)</u>	<u>1,043,727</u>	<u>949,277</u>	<u>94,450</u>
Public Works:					
Highway:					
Local capital improvements	49,158	101,749	150,907	150,907	-
State aided - town roads	240,036	-	240,036	240,036	-
Town road maintenance	175,000	-	175,000	83,071	91,929
Town garage expenditures	22,500	-	22,500	18,817	3,683
Machinery and maintenance repairs	68,000	-	68,000	63,213	4,787
Street lights	12,000	-	12,000	7,234	4,766
Highway foreman	77,061	-	77,061	77,654	(593)
Snow removal	56,100	(7,773)	48,327	14,132	34,195
Labor	525,515	-	525,515	488,778	36,737
Supplies	36,000	-	36,000	33,427	2,573
Diesel and gas	52,250	-	52,250	42,411	9,839
Town property - maintenance	7,500	-	7,500	7,087	413
Town property - labor	8,580	-	8,580	5,579	3,001
Tree warden	1,500	-	1,500	1,500	-
Hewitt farm property	5,000	-	5,000	4,646	354
Tree maintenance	20,000	-	20,000	16,750	3,250
Contracted services	17,000	-	17,000	13,598	3,402
	<u>1,373,200</u>	<u>93,976</u>	<u>1,467,176</u>	<u>1,268,840</u>	<u>198,336</u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Sanitary Landfill:					
Labor	\$ 126,850	\$ -	\$ 126,850	\$ 124,439	\$ 2,411
Overtime	15,810	-	15,810	9,232	6,578
State mandated surveys	3,500	-	3,500	-	3,500
State license fees	3,200	-	3,200	2,275	925
SCRRA - tipping fees	189,000	-	189,000	222,735	(33,735)
SCRRA - membership fee	500	-	500	-	500
Hazardous waste collection	1,500	-	1,500	-	1,500
Water sampling /lab testing	17,225	-	17,225	14,747	2,478
Transfer station expenditures	11,200	-	11,200	8,264	2,936
Contractual services	22,000	-	22,000	18,185	3,815
	390,785	-	390,785	399,877	(9,092)
Total public works	1,763,985	93,976	1,857,961	1,668,717	189,244
Conservation of Health:					
Public Health Nursing/VNA	1,836	-	1,836	864	972
Director of Health	1	-	1	-	1
Sanitarian food service wages	1	-	1	-	1
Sanitarian well and septic salary	1	-	1	-	1
Health district	38,840	-	38,840	38,840	-
	40,679	-	40,679	39,704	975
Senior Citizens:					
Agent for the Elderly wages	13,121	-	13,121	13,223	(102)
Agent for the Elderly operating expenditures	400	-	400	-	400
Senior Citizens Center Coordinator	23,272	-	23,272	23,902	(630)
Senior Citizens Center - operating expenditures	30,500	-	30,500	25,976	4,524
	67,293	-	67,293	63,101	4,192
Miscellaneous:					
Cemeteries	10,000	-	10,000	6,694	3,306
Tax refunds	1	4,497	4,498	4,497	1
Annual memberships and dues	3,500	-	3,500	3,320	180
Lake Association weed control	15,000	-	15,000	15,000	-
Wheeler Library	30,000	-	30,000	30,000	-
Miscellaneous	750	-	750	573	177
	59,251	4,497	63,748	60,084	3,664
Total general government expenditures	5,008,099	101,749	5,109,848	4,684,765	425,083

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Redemption of Debt:					
School Modernization BAN	\$ 750,000	\$ -	\$ 750,000	\$ 750,000	\$ -
ESC BAN principal	315,184	-	315,184	315,184	-
	1,065,184	-	1,065,184	1,065,184	-
Education	13,775,463	-	13,775,463	13,775,463	-
Capital Outlay:					
Public Works:					
Dump truck refurbish	5,000	-	5,000	5,000	-
Miscellaneous equipment	5,000	-	5,000	5,000	-
Tractor/mower lease	25,000	-	25,000	25,000	-
Storage building roof	8,000	-	8,000	8,000	-
	43,000	-	43,000	43,000	-
Transfer station/bulk waste area:					
Transfer station/bulky waste area	5,000	-	5,000	5,000	-
Transfer Station/Bulk Waste Area	5,000	-	5,000	5,000	-
Selectmen:					
Ambulance equipment	11,727	-	11,727	11,727	-
Computer - Town Hall	16,000	-	16,000	16,000	-
Recreation pavilion & fields	2,500	-	2,500	2,500	-
Open space acquisition	1,000	-	1,000	1,000	-
Selectmen's office equipment and furniture	1	-	1	-	1
Town buildings maintenance	15,000	-	15,000	15,000	-
Farm house repairs	10,000	-	10,000	10,000	-
Fire company - equipment/hose	4,500	-	4,500	4,500	-
Fire company - scuba	8,800	-	8,800	8,800	-
Fire company - turnout gear	13,750	-	13,750	13,750	-
Water/sewer infrastructure	50,000	-	50,000	50,000	-
Civil preparedness	1,000	-	1,000	1,000	-
Fire company breathing apparatus	48,795	-	48,795	48,795	-
NSAA Ambulance lease	64,685	-	64,685	64,685	-
Ambulance repair	27,000	-	27,000	27,000	-
Fire tanker lease	70,068	-	70,068	70,068	-
	344,826	-	344,826	344,825	1
Assessor Revaluation Expense	35,000	-	35,000	35,000	-
Total capital outlay	427,826	-	427,826	427,825	1
Total expenditures	\$ 20,276,572	\$ 101,749	\$ 20,378,321	\$ 19,953,237	\$ 425,084

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	School Lunch Fund	Education Grants	Inland Wetland Mitigation	Open Space	C-PACE	Scholarships Held by School	Recreation Gift Fund	Total
<u>Assets</u>								
Cash and cash equivalents	\$ 54,710	\$ -	\$ -	\$ -	\$ 2,500	\$ 42,327	\$ -	\$ 99,537
Receivables	28,208	6,862	-	-	-	-	-	35,070
Inventory	5,553	-	-	-	-	-	-	5,553
Due from other funds	-	4,171	13,287	10,016	-	-	3,286	30,760
Total assets	\$ 88,471	\$ 11,033	\$ 13,287	\$ 10,016	\$ 2,500	\$ 42,327	\$ 3,286	\$ 170,920
<u>Liabilities and Fund Balances (Deficits)</u>								
Liabilities:								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	13,931	-	-	-	-	-	-	13,931
Deferred grant revenue	-	21,826	-	-	-	-	-	21,826
Total liabilities	13,931	21,826	-	-	-	-	-	35,757
Fund Balances (Deficits):								
Nonspendable	5,553	-	-	-	-	-	-	5,553
Restricted	-	-	-	-	-	42,327	-	42,327
Committed	-	-	13,287	10,016	-	-	3,286	26,589
Assigned	68,987	-	-	-	2,500	-	-	71,487
Unassigned	-	(10,793)	-	-	-	-	-	(10,793)
Total fund balances (deficits)	74,540	(10,793)	13,287	10,016	2,500	42,327	3,286	135,163
Total liabilities and fund balances (deficits)	\$ 88,471	\$ 11,033	\$ 13,287	\$ 10,016	\$ 2,500	\$ 42,327	\$ 3,286	\$ 170,920

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	School Lunch Fund	Education Grants	Inland Wetland Mitigation	Open Space	C-PACE	Scholarships Held by School	Recreation Gift Fund	Total
Revenues:								
Intergovernmental	\$ 78,625	\$ 231,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310,609
Local	103,044	-	-	-	31,057	10,244	-	144,345
Total revenues	181,669	231,984	-	-	31,057	10,244	-	454,954
Expenditures:								
Current:								
General government	-	-	-	-	30,557	-	-	30,557
Education	213,762	236,101	-	-	-	4,274	-	454,137
Total expenditures	213,762	236,101	-	-	30,557	4,274	-	484,694
Excess of revenues over (under) expenditures	(32,093)	(4,117)	-	-	500	5,970	-	(29,740)
Other Financing Sources (Uses):								
Transfers in (out)	-	-	-	-	-	-	160	160
Total other financing sources (uses)	-	-	-	-	-	-	160	160
Net change in fund balances (deficits)	(32,093)	(4,117)	-	-	500	5,970	160	(29,580)
Fund balances (deficits), beginning of year	106,633	(6,676)	13,287	10,016	2,000	36,357	3,126	164,743
Fund balances (deficits), end of year	\$ 74,540	\$ (10,793)	\$ 13,287	\$ 10,016	\$ 2,500	\$ 42,327	\$ 3,286	\$ 135,163

TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	General Government Retirement	Board of Education Retirement	Total
<u>Assets</u>			
Investments	\$ 1,627,548	\$ 1,296,140	\$ 2,923,688
Other receivables	114,136	-	114,136
Total assets	<u>\$ 1,741,684</u>	<u>\$ 1,296,140</u>	<u>\$ 3,037,824</u>
<u>Fund Balances</u>			
Fund Balances:			
Held in trust for pension benefits and other purposes	\$ 1,741,684	\$ 1,296,140	\$ 3,037,824
Total fund balances	<u>\$ 1,741,684</u>	<u>\$ 1,296,140</u>	<u>\$ 3,037,824</u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	General Government Retirement	Board of Education Retirement	Total
<u>Additions:</u>			
Employer contributions	\$ 140,613	\$ 53,693	\$ 194,306
Investment earnings	61,755	21,896	83,651
Total additions	<u>202,368</u>	<u>75,589</u>	<u>277,957</u>
<u>Deductions:</u>			
Distributions	747,697	-	747,697
Administrative expenses	199	-	199
Total deductions	<u>747,896</u>	<u>-</u>	<u>747,896</u>
Net increase (decrease)	(545,528)	75,589	(469,939)
Fund balances, beginning of year	<u>2,287,212</u>	<u>1,220,551</u>	<u>3,507,763</u>
Fund balances, end of year	<u><u>\$ 1,741,684</u></u>	<u><u>\$ 1,296,140</u></u>	<u><u>\$ 3,037,824</u></u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS
OTHER FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2020**

	Student Activity Fund
<u>Assets</u>	
Beginning balance - cash	\$ 85,254
Additions	108,805
Deductions	115,696
Ending balance - cash	<u>78,363</u>
 Total assets	 <u><u>\$ 78,363</u></u>
 <u>Liabilities</u>	
Beginning balance - due to student groups	\$ 85,254
Additions	108,805
Deductions	115,696
Ending balance - due to student groups	<u>78,363</u>
 Total liabilities	 <u><u>\$ 78,363</u></u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**CAPITAL NONRECURRING FUND
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020**

	Beginning Balance	General Fund Budget	Additional Transfers	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
Restricted fund balance								
Town Clerk document restoration	\$ 7,124	\$ -	\$ -	\$ -	\$ 1,382	\$ 8,506	\$ -	\$ 8,506
LOCIP capital improvements	29,130	-	-	-	2,073	31,203	-	31,203
Total restricted	<u>36,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,455</u>	<u>39,709</u>	<u>-</u>	<u>39,709</u>
Committed fund balance								
Revaluation	165,538	35,000	-	-	-	200,538	44,894	155,644
Town equipment	10,000	5,000	-	-	-	15,000	9,008	5,992
Nonrecurring school funds	-	133,725	-	-	-	133,725	-	133,725
Transfer station improvements	5,000	-	-	-	-	5,000	5,000	-
Town Clerk preservation	5,531	-	-	-	-	5,531	-	5,531
Total committed	<u>186,069</u>	<u>173,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359,794</u>	<u>58,902</u>	<u>300,892</u>
Total	<u>\$ 222,323</u>	<u>\$ 173,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,455</u>	<u>\$ 399,503</u>	<u>\$ 58,902</u>	<u>\$ 340,601</u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**CAPITAL PROJECTS FUND
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020**

	Beginning Balance	General Fund Budget	Transfers to General Fund	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
Restricted fund balance								
Water study 1-95 (STEAP)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer study (STEAP)	131,196	-	(100,000)	-	-	31,196	-	31,196
Village water line (STEAP)	-	-	-	-	-	-	-	-
Total restricted	<u>131,196</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>31,196</u>	<u>-</u>	<u>31,196</u>
Committed fund balance								
Boombridge	348,525	-	-	-	-	348,525	276,998	71,527
Ambulance Association equipment	2,132	11,727	-	-	-	13,859	7,076	6,783
Town Hall computer	623	16,000	-	-	-	16,623	14,603	2,020
Transfer Station improvements	747	5,000	-	-	-	5,747	3,135	2,612
Dump truck refurbishments	7,663	5,000	-	-	-	12,663	6,494	6,169
Building Department vehicle	115	-	(115)	-	-	-	-	-
CAT 963 bottom refurbish	1,150	-	(1,150)	-	-	-	-	-
Salt & sand building roof	15,317	-	(15,317)	-	-	-	-	-
Town boiler	7,398	-	(7,398)	-	-	-	-	-
Land acquisition	70,000	1,000	-	-	-	71,000	-	71,000
Town building repair	9,466	15,000	-	-	-	24,466	17,670	6,796
Civil preparedness	-	1,000	-	-	-	1,000	244	756
Recreation pavilion & fields	3,191	2,500	-	-	-	5,691	-	5,691
Town buildings - abate and demolish	28,808	-	-	-	-	28,808	7,440	21,368
Farm house	-	10,000	-	-	-	10,000	10,000	-
Fire Department training, rescue, scuba gear, hose	-	4,500	-	-	-	4,500	4,500	-
Capital lease - Ambulance	3,075	64,685	(3,075)	-	-	64,685	64,485	200
Forestry truck	327	-	(327)	-	-	-	-	-
Fire Department turnout gear	-	13,750	-	-	-	13,750	13,750	-
SCBA cylinder	-	8,800	-	-	-	8,800	8,800	-
NSVC tanker	-	70,068	-	-	-	70,068	5,340	64,728
Water/sewer infrastructure	-	50,000	-	-	-	50,000	36,500	13,500
Ambulance repairs	-	27,000	-	-	-	27,000	23,774	3,226
Tractor/mower lease	-	25,000	-	-	-	25,000	23,700	1,300
Breathing Apparatus	-	48,795	-	-	-	48,795	48,795	-
Storage building roof	-	8,000	-	-	-	8,000	5,501	2,499
Total committed	<u>498,537</u>	<u>387,825</u>	<u>(27,382)</u>	<u>-</u>	<u>-</u>	<u>858,980</u>	<u>578,805</u>	<u>280,175</u>
Total	<u>\$ 629,733</u>	<u>\$ 387,825</u>	<u>\$ (127,382)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 890,176</u>	<u>\$ 578,805</u>	<u>\$ 311,371</u>

TOWN OF NORTH STONINGTON, CONNECTICUT

**BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Salaries:					
Central office	\$ 678,102	\$ -	\$ 678,102	\$ 695,043	\$ (16,941)
Administrators	412,517	-	412,517	393,203	19,314
Teachers	6,250,990	5,000	6,255,990	6,085,149	170,841
Guidance	141,155	-	141,155	118,118	23,037
Secretarial	176,446	-	176,446	175,180	1,266
Teacher assistants	350,924	-	350,924	333,996	16,928
Library/media	148,570	-	148,570	138,663	9,907
Custodial/grounds	446,562	-	446,562	426,709	19,853
Central office	162,694	-	162,694	224,406	(61,712)
Contracted services	65,000	-	65,000	66,705	(1,705)
Instructional supplies	68,296	(10,650)	57,646	68,274	(10,628)
Other expenses, schools	108,723	-	108,723	169,772	(61,049)
Supplies, health	-	-	-	815	(815)
Transportation	1,044,341	(500)	1,043,841	938,908	104,933
Heat	99,800	-	99,800	66,633	33,167
Utilities	161,495	-	161,495	217,430	(55,935)
Custodial supplies	36,853	-	36,853	42,767	(5,914)
Postage	1,500	-	1,500	3,435	(1,935)
Maintenance services	131,613	-	131,613	207,203	(75,590)
Lease of equipment	41,348	-	41,348	37,477	3,871
Replacement of equipment	-	-	-	127,961	(127,961)
Social security	218,009	-	218,009	204,613	13,396
Employee benefits	2,515,601	-	2,515,601	2,423,621	91,980
Employee retirement	82,133	-	82,133	81,565	568
Student activities	85,575	6,150	91,725	63,851	27,874
Equipment	-	-	-	35,780	(35,780)
Tuition	347,216	-	347,216	294,461	52,755
Other	-	-	-	133,725	(133,725)
Total expenditures	\$ 13,775,463	\$ -	\$ 13,775,463	\$ 13,775,463	\$ -

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**STATEMENT OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2020**

Total tax collections including interest and
lien fees for the year ended June 30, 2019

\$ 14,922,928

Reimbursement for revenue loss on:

Tax Relief for Elderly (CGS 12-129d)

-

Base

\$ 14,922,928

	<u>General</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 33,576,588	\$	\$	\$	\$
4 1/2 times base		67,153,176			
3 3/4 times base			55,960,980		
3 1/4 times base				48,499,516	
3 times base					44,768,784
Total debt limitation	<u>33,576,588</u>	<u>67,153,176</u>	<u>55,960,980</u>	<u>48,499,516</u>	<u>44,768,784</u>
Indebtedness:					
Bond anticipation notes payable	-	5,352,559	-	-	-
General obligation bonds	4,615,550	17,802,990	-	-	-
Authorized but unissued	<u>375,844</u>	<u>3,250,532</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>4,991,394</u>	<u>26,406,081</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 28,585,194</u></u>	<u><u>\$ 40,747,095</u></u>	<u><u>\$ 55,960,980</u></u>	<u><u>\$ 48,499,516</u></u>	<u><u>\$ 44,768,784</u></u>

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**REPORT OF THE TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2020**

Grand List October 1,	Taxes Receivable July 1, 2019	Lawful Corrections		Suspense Transfers	Taxes Receivable	Collections			Taxes Receivable June 30, 2020
		Additions	Deductions			Taxes	Interest and Liens	Total	
2018	\$ 15,472,063	\$ 9,176	\$ 39,488	\$ -	\$ 15,441,751	\$ 15,194,562	\$ 53,393	\$ 15,247,955	\$ 247,189
2017	274,361	1,044	4,889	-	270,516	192,530	44,709	237,239	77,986
2016	100,767	931	667	(94)	100,937	65,567	22,509	88,076	35,370
2015	20,671	34	83	(1,889)	18,733	5,970	2,153	8,123	12,763
2014	10,331	-	-	(1,371)	8,960	-	114	114	8,960
2013	15,500	-	-	(1,697)	13,803	452	434	886	13,351
2012	7,984	-	-	(1,681)	6,303	-	-	-	6,303
2011	5,488	-	-	-	5,488	-	-	-	5,488
2010	6,591	-	-	-	6,591	-	-	-	6,591
2009	2,925	-	-	-	2,925	-	-	-	2,925
2008	1,436	-	-	-	1,436	-	-	-	1,436
2007	1,404	-	-	-	1,404	-	-	-	1,404
2006	1,179	-	-	-	1,179	-	-	-	1,179
2005	1,168	-	-	-	1,168	-	-	-	1,168
2004	547	-	3	-	544	-	-	-	544
	<u>\$ 15,922,415</u>	<u>\$ 11,185</u>	<u>\$ 45,130</u>	<u>\$ (6,732)</u>	<u>\$ 15,881,738</u>	<u>\$ 15,459,081</u>	<u>\$ 123,312</u>	<u>\$ 15,582,393</u>	<u>\$ 422,657</u>

See accompanying Independent Auditors' Report.