

TOWN OF NORTH STONINGTON, CONNECTICUT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
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, 2021, 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, 2021, 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 44 through 46 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 October 23, 2021, 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.



Danbury, Connecticut
October 23, 2021

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

JUNE 30, 2021

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, 2021. 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 \$23,492,842 (net position). This is a decrease of \$292,159 from the prior fiscal year.
- Government-wide revenues were \$26,838,891 and expenses were \$27,131,050. On a government-wide basis, revenues were less than expenses by \$292,159.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$4,452,933, an increase of \$1,225,360 from the prior fiscal year. This represents the combined balances in the General Fund, Capital Nonrecurring Fund, Capital Projects Fund, Town Special Grant Fund, School Modernization Project Fund, and other smaller funds.
- In the General Fund, revenues were less than expenses and net transfers by \$327,443. The total General Fund balance of \$3,706,277 as of June 30, 2021, compares to a balance of \$4,033,740 in the prior year.
- At the end of the current fiscal year, the Unassigned General Fund balance was \$3,204,741. This represents 15.5% 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, Town Special Grant, 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 \$292,159 from a year ago. Our analysis below focuses on the net position and changes in net position of the Town.

	<u>2021</u>	<u>Change During Year</u>		<u>2020</u>
		<u>Dollars</u>	<u>Percent</u>	
<u>Assets</u>				
Current and other assets	\$ 6,767,066	\$ (661,791)	-8.9%	\$ 7,428,857
Capital assets	<u>53,180,711</u>	<u>(572,381)</u>	-1.1%	<u>53,753,092</u>
Total assets	<u>59,947,777</u>	<u>(1,234,172)</u>	-2.0%	<u>61,181,949</u>
<u>Liabilities</u>				
Long-term debt outstanding	33,104,942	1,510,835	4.8%	31,594,107
Other liabilities	<u>2,185,718</u>	<u>(2,009,497)</u>	-47.9%	<u>4,195,215</u>
Total liabilities	<u>35,290,660</u>	<u>(498,662)</u>	-1.4%	<u>35,789,322</u>
<u>Deferred Inflows of Resources</u>				
OPEB related items	<u>1,164,275</u>	<u>(443,351)</u>	-27.6%	<u>1,607,626</u>
<u>Net Position</u>				
Net investment in capital assets	28,819,641	3,222,257	12.6%	25,597,384
Restricted – expendable	241,034	127,802	112.9%	113,232
Unrestricted	<u>(5,567,833)</u>	<u>(3,642,218)</u>	189.1%	<u>(1,925,615)</u>
Total net position	<u>\$ 23,492,842</u>	<u>\$ (292,159)</u>	-1.2%	<u>\$ 23,785,001</u>

Capital Assets decreased by \$572,381. The decrease includes \$1,133,967 reduction for current year depreciation expense, which 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, 2021, the Town had total long term obligations of \$33,104,942. The Town's debt increased from \$31,594,107 during the current fiscal year. The key factor in this increase was the increase in debt outstanding for the School Modernization project. See Note 7 to the financial statements for additional information.

	2021	Change During Year		2020
		Dollars	Percent	
Revenues				
Program revenues:				
Charges for services	\$ 656,404	\$ 169,598	34.8%	\$ 486,806
Operating grants and contributions	7,829,012	1,690,008	27.5%	6,139,004
Capital grants and contributions	1,288,570	(3,495,992)	-73.1%	4,784,562
General revenues:				
Property taxes	15,806,590	251,012	1.6%	15,555,578
Grants and contributions	1,035,626	77,041	8.0%	958,585
Interest and investment earnings	4,452	533	13.6%	3,919
Other	218,237	(16,636)	-7.1%	234,873
Total revenues	<u>26,838,891</u>	<u>(1,324,436)</u>	-4.7%	<u>28,163,327</u>
Expenses				
General government	2,406,128	138,461	6.1%	2,267,667
Public safety	1,411,058	218,931	18.4%	1,192,127
Public works	1,867,213	(35,207)	-1.9%	1,902,420
Education	20,865,812	3,616,552	21.0%	17,249,260
Interest on long-term debt	580,839	(125,550)	-17.8%	706,389
Total expenses	<u>27,131,050</u>	<u>3,813,187</u>	16.4%	<u>23,317,863</u>
Change in net position	<u>\$ (292,159)</u>	<u>\$ (5,137,623)</u>	-106.0%	<u>\$ 4,845,464</u>

The following are the significant changes from the prior year:

- Operating grants revenue increased \$1,690,008 (27.5%) because of an increase in state aid.
- Capital grants revenue decreased \$3,495,992 (73.1%) because the current year includes lower project reimbursement grants.
- Education expenses increased \$3,616,552 (21.0%) 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 \$4,452,933, an increase of \$1,225,360 from the prior year.

<u>Ending Fund Balance as of:</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
General Fund	\$ 3,706,297	\$ 4,033,740	\$ (327,443)
Capital Nonrecurring Fund	522,855	340,601	182,254
Capital Projects Fund	468,649	311,371	157,278
Town Special Grant Fund	-	-	-
School Capital Project	(362,874)	(1,617,169)	1,254,295
Other Funds	<u>118,006</u>	<u>159,030</u>	<u>(41,024)</u>
Total	<u>\$ 4,452,933</u>	<u>\$ 3,227,573</u>	<u>\$ 1,225,360</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 \$3,204,741. 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 15.5% of total General Fund expenditures (on a budgetary basis) in the current fiscal year. In the prior year, the Unassigned Fund Balance was 18.3% of the total General Fund expenditures (on a budgetary basis).

The Town's total General Fund balance decreased by \$327,443 or 8.1% 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	\$ 15,689,138	\$ 15,719,915	\$ 30,777
Interest and investment earnings	4,200	4,452	252
Intergovernmental	3,936,170	3,837,767	(98,403)
Licenses, fees, fines and charges	217,087	484,463	267,376
Other	<u>465,622</u>	<u>360,667</u>	<u>(104,955)</u>
Total revenues	<u>20,312,217</u>	<u>20,407,264</u>	<u>95,047</u>
Expenditures:			
General government	5,213,687	4,823,621	390,066
Debt service	1,204,204	1,204,204	-
Capital outlay	502,035	502,035	-
Education	<u>14,119,738</u>	<u>14,117,019</u>	<u>2,719</u>
Total expenditures	<u>21,039,664</u>	<u>20,646,879</u>	<u>392,785</u>
Increase in fund balance – budgetary basis	<u>\$ (727,447)</u>	<u>\$ (239,615)</u>	<u>\$ 487,832</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Town had \$53,180,711 invested in capital assets. This amount represents a net decrease (including additions and deductions) of \$572,381 from last year. This is primarily due to various infrastructure projects being less than 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, 2021, the Town had bond anticipation notes outstanding of \$2,735,157 and general obligation bonds of \$25,741,546. 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

North Stonington suffered a difficult economic year during 2020 caused by the COVID-19 related economic related shut down. The Connecticut Town Economic Indexes showed a decline from 2019's 176.9 to 2020's 135.8. North Stonington's 135.8 remains the highest Economic Index score for any Town in the State of Connecticut. The Town's surplus is currently \$3,204,741 or approximately 15.2% of the town's 2020-2021 budget.

Despite the relative decline in economic activity brought on by the pandemic the Grand List grew significantly in value from October 2019 to October 2020. Spurred on by historically low interest rates, high demand for residential real estate, continued occupation of existing commercial property and a reevaluation of the Town Assets the net assessment grew by 8% from October 2019 to October 2020. Residential Real Estate Values grew by 9.0%. Commercial values grew by 15.0% while industrial values grew by 10.8%. With a generally improving economic environment, and an exceedingly strong real estate market valuations for 2021, which will be finalized in winter 2022, are expected to post exceptionally strong year over year gains.

Permit activity has remained robust. Year 2020 saw 373 Building Permits, 88 Zoning Permits and \$85,000 in permit revenue for 220,029 square feet of construction valued at \$9,004,960. Year 2021 saw record breaking numbers across all permit classes. Year 2021 included 439 Building Permits, 116 Zoning Permits and \$282,917 in permit revenue for 464,025 square feet of construction valued at \$29,714,899. Year 2021 is an anomaly as two major solar installations generated a clear skew of the numbers. Despite the solar skew in the revenue numbers, permits and revenue were up significantly in 2021. The 2022 year to date numbers suggest that the robust cadence of permitting will continue at levels similar to 2021. Year 2022 permit revenue is likely to take a sharp decline, returning to a more normal baseline, given the significant revenue anomalies generated by the two major solar building permits.

Single family home permits saw an uptick to 15 in 2021 from 10 in 2020. The total for the last five years, 2017-2021, is 55 permits to build new homes. The 2022 year to date numbers indicate a consistent number of new home units will be permitted through the year with six applications approved or in process.

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

Commercial projects continue to be in the development pipeline. Activity remains consistent, with possible retail, warehousing, solar, farm accessory use expansions are under discussion. A major solar project which was recently turned down by the State Siting Council is likely to seek an approval for a revised permit application from the State. Local sewer and water system expansion continues to be a major topic of discussion. Minor lot splits and property line adjustments that free up additional buildable lots are under discussion. Zoning ordinance changes required by the Connecticut Legislature may impact affordable home construction projects with more availability and will require minor changes to the zoning ordinance. Expected changes will impact the permitting process by opening more possibility for future development.

The Town continued to provide services to residents throughout the COVID-19 pandemic. To better serve the tax payers, return envelopes were mailed with tax bills to encourage contactless payments. The Town held hybrid town meetings to promote interaction with Board and Commissions as well as Town Meetings to include those who were not able to leave their homes.

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, 2021**

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 5,911,358
Receivables:	
Taxes and interest	681,182
Intergovernmental	81,349
Other	78,871
Prepaid expenses	7,354
Inventory	6,952
Noncurrent assets:	
Capital assets:	
Not being depreciated	953,240
Being depreciated, net of accumulated depreciation	52,227,471
	<hr/>
Total assets	59,947,777
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<u>Liabilities</u>	
Current liabilities:	
Accounts payable	234,326
Accrued expenses	496,104
Accrued interest payable	318,938
Unearned revenue	975,332
Performance bonds payable	161,018
Noncurrent liabilities:	
Due within one year	3,580,620
Due in more than one year	29,524,322
	<hr/>
Total liabilities	35,290,660
	<hr/>
<u>Deferred Inflows of Resources</u>	
OPEB related items	1,164,275
	<hr/>
<u>Net Position</u>	
Net investment in capital assets	28,819,641
Restricted:	
Expendable	241,034
Unrestricted	(5,567,833)
	<hr/>
Total net position	\$ 23,492,842
	<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, 2021**

					Net (Expense) Revenue and Changes in Net Position
		Program Revenues			
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General government	\$ (2,406,128)	\$ 640,464	\$ 50,586	\$ -	\$ (1,715,078)
Public safety	(1,411,058)	-	27,390	-	(1,383,668)
Public works	(1,867,213)	-	236,635	-	(1,630,578)
Education	(20,865,812)	15,940	7,514,401	1,288,570	(12,046,901)
Interest on debt	(580,839)	-	-	-	(580,839)
 Total governmental activities	 <u>\$ (27,131,050)</u>	 <u>\$ 656,404</u>	 <u>\$ 7,829,012</u>	 <u>\$ 1,288,570</u>	 <u>(17,357,064)</u>
 General Revenues:					
Property taxes, interest, and lien fees					15,806,590
Grants and contributions not restricted to specific programs					1,035,626
Interest and investment earnings					4,452
Other					218,237
Total general revenues					<u>17,064,905</u>
 Change in net position					 (292,159)
 Net position, beginning of year					 <u>23,785,001</u>
 Net position, end of year					 <u>\$ 23,492,842</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, 2021**

	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	Town Special Grant Fund	School Modernization Project	Other Funds	Total Governmental Funds
<u>Assets</u>							
Cash and cash equivalents	\$ 5,519,724	\$ 261,539	\$ -	\$ -	\$ 12,770	\$ 117,325	\$ 5,911,358
Receivables:							
Taxes and interest	681,182	-	-	-	-	-	681,182
Intergovernmental	19,027	-	-	-	-	62,322	81,349
Other	78,871	-	-	-	-	-	78,871
Prepaid expenses	7,354	-	-	-	-	-	7,354
Due from other funds	30,929	261,316	468,649	767,420	-	14,869	1,543,183
Inventory	-	-	-	-	-	6,952	6,952
Total assets	\$ 6,337,087	\$ 522,855	\$ 468,649	\$ 767,420	\$ 12,770	\$ 201,468	\$ 8,310,249
<u>Liabilities</u>							
Accounts payable	\$ 234,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234,326
Accrued expenses	82,850	-	-	-	375,644	37,610	496,104
Performance bonds payable	161,018	-	-	-	-	-	161,018
Unearned revenue	192,989	-	-	767,420	-	14,923	975,332
Due to other funds	1,512,254	-	-	-	-	30,929	1,543,183
Total liabilities	2,183,437	-	-	767,420	375,644	83,462	3,409,963
<u>Deferred Inflows of Resources</u>							
Unavailable revenue - taxes	447,353	-	-	-	-	-	447,353
<u>Fund Balances</u>							
Nonspendable	7,354	-	-	-	-	6,952	14,306
Restricted	-	43,784	143,804	-	-	53,446	241,034
Committed	23,303	479,071	324,845	-	-	3,586	830,805
Assigned	470,899	-	-	-	-	57,662	528,561
Unassigned	3,204,741	-	-	-	(362,874)	(3,640)	2,838,227
Total fund balances	3,706,297	522,855	468,649	-	(362,874)	118,006	4,452,933
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,337,087	\$ 522,855	\$ 468,649	\$ 767,420	\$ 12,770	\$ 201,468	

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.	53,180,711
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	447,353
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	(29,109,412)
Compensated absences, self insurance, and OPEB related items	(5,135,805)
Accrued interest payable	(318,938)
Landfill costs	(24,000)
Net position	\$ 23,492,842

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, 2021

	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	Town Special Grant Fund	School Modernization Project	Other Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 15,719,915	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,719,915
Intergovernmental	8,236,635	-	-	45,086	1,288,570	531,329	10,101,620
Local	826,579	4,075	-	-	-	100,027	930,681
Total revenues	24,783,129	4,075	-	45,086	1,288,570	631,356	26,752,216
Expenditures:							
Current:							
General government	2,148,123	-	-	45,086	-	70,718	2,263,927
Public safety	949,780	-	-	-	-	57	949,837
Public works	1,725,718	-	-	-	-	-	1,725,718
Education	18,344,619	-	-	-	-	554,792	18,899,411
Capital outlay	-	80,917	344,757	-	1,351,383	-	1,777,057
Debt service	1,204,204	-	-	-	-	23,810	1,228,014
Total expenditures	24,372,444	80,917	344,757	45,086	1,351,383	649,377	26,843,964
Excess of revenues over (under) expenditures	410,685	(76,842)	(344,757)	-	(62,813)	(18,021)	(91,748)
Other Financing Sources (Uses):							
Proceeds from issuance of notes/loans	-	-	-	-	3,934,510	-	3,934,510
Bond anticipation notes-net	-	-	-	-	(2,617,402)	-	(2,617,402)
Transfers in	23,003	259,096	502,035	-	-	-	784,134
Transfers out	(761,131)	-	-	-	-	(23,003)	(784,134)
Total other financing sources (uses)	(738,128)	259,096	502,035	-	1,317,108	(23,003)	1,317,108
Net change in fund balances	(327,443)	182,254	157,278	-	1,254,295	(41,024)	1,225,360
Fund balance, beginning of year	4,033,740	340,601	311,371	-	(1,617,169)	159,030	3,227,573
Fund balances, end of year	\$ 3,706,297	\$ 522,855	\$ 468,649	\$ -	\$ (362,874)	\$ 118,006	\$ 4,452,933

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, 2021

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

Net change in fund balances - total governmental funds	\$ 1,225,360
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays is less than depreciation expense in the current period:

Capital outlays (net of disposals) treated as expenditures	561,586
Depreciation expense not considered in the fund statements	(1,133,967)
	(572,381)

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	(705,604)
Capital leases, net	(316,638)
Post-closure landfill costs	6,000
	(1,016,242)

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	86,675
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Expenses:

Compensated absences, self insurance, and OPEB related items	(51,242)
Accrued interest payable	35,671
	71,104

Change in net position	\$ (292,159)
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The notes to the financial statements are an integral part of this statement.

TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes, interest, and lien fees	\$ 15,689,138	\$ 15,689,138	\$ 15,719,915	\$ 30,777
Interest and investment earnings	4,200	4,200	4,452	252
Intergovernmental	3,936,170	3,936,170	3,837,767	(98,403)
Licenses, fees, fines and charges	217,087	217,087	484,463	267,376
Other	465,622	465,622	360,667	(104,955)
Total revenues	20,312,217	20,312,217	20,407,264	95,047
Expenditures:				
Current:				
General government	247,812	247,812	235,691	12,121
Probate Court	2,806	2,806	2,820	(14)
Board of Finance	20,750	20,750	20,598	152
Assessor's Office	128,591	128,591	125,227	3,364
Board of Assessment Appeals	1,300	1,300	1,172	128
Tax Collector	53,352	53,352	45,510	7,842
Town Treasurer	7,841	7,841	7,641	200
Town Attorney	30,000	30,000	28,869	1,131
Annexation related	5,000	5,000	4,321	679
Town Clerk	76,444	76,444	74,790	1,654
Planning and Zoning Commission	147,618	147,618	131,641	15,977
Building Department	36,551	36,551	31,370	5,181
Zoning Board of Appeals	100	100	-	100
Affordable housing committee	500	5,000	4,500	500
Economic Development Commission	7,154	7,154	2,966	4,188
Recreation Commission	115,128	115,128	91,548	23,580
Inland Wetlands Commission	7,858	7,858	7,878	(20)
Conservation Commission	2,075	2,075	1,125	950
Fixed charges	917,052	917,052	892,596	24,456
Elections and Town Meetings	33,318	33,318	33,308	10
Town Hall	65,669	65,669	59,639	6,030
Social Services/Welfare	35,250	35,250	33,750	1,500
Selectmen's Engineering Service	2,500	2,500	2,100	400
Information Technology	131,813	131,813	130,882	931
Public safety	1,062,478	1,062,478	949,780	112,698
Public works	1,775,517	1,872,269	1,725,718	146,551
Conservation of Health	40,477	44,250	42,558	1,692
Senior Citizens	70,958	65,885	54,985	10,900
Miscellaneous	82,250	87,323	80,453	6,870
Education	14,119,738	14,119,738	14,117,019	2,719
Capital outlay	320,175	502,035	502,035	-
Debt service	1,204,204	1,204,204	1,204,204	-
Total expenditures	20,752,779	21,039,664	20,646,879	392,785
Net change in fund balance	\$ (440,562)	\$ (727,447)	(239,615)	\$ 487,832
Fund balance, beginning of year			3,669,012	
Fund balance, end of year			\$ 3,429,397	

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, 2021**

	Fiduciary Funds
<u>Assets</u>	
Cash and cash equivalents	\$ 59,248
Investments	3,481,477
Other receivables	120,857
	<hr/>
Total assets	3,661,582
	<hr/>
<u>Liabilities</u>	
Accounts payable	-
	<hr/>
Total liabilities	-
	<hr/>
<u>Net Position</u>	
Held in trust for pension benefits	3,602,334
Restricted for student groups	59,248
	<hr/>
	\$ 3,661,582
	<hr/> <hr/>

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, 2021**

	Fiduciary Funds
Additions:	
Employer contributions	\$ 190,540
Investment earnings	441,076
Cash collected for the student groups	140,515
Total additions	<u>772,131</u>
Deductions:	
Distributions	67,055
Administrative expenses	51
Cash distributed to the student groups	159,630
Total deductions	<u>226,736</u>
Change in net position	545,395
Net position, beginning of year	<u>3,116,187</u>
Net position, end of year	<u><u>\$ 3,661,582</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, 2021

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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The Town reports the following major governmental funds:

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

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

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

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

The **Town Special Grant Fund** is a special fund used to account for and report the special activities of the Town in connection with the state and Federal grants related to the ongoing COVID pandemic situation.

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 **Custodial 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, 2021 (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, 2021, 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, 2021 (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	\$ 4,033,740	\$ 24,783,129	\$ (24,372,444)	\$ (738,128)	\$ 3,706,297
Encumbrances:					
June 30, 2020	(364,728)	-	364,728	-	-
June 30, 2021	-	-	(276,900)	-	(276,900)
Reclassifications	-	23,003	(761,131)	738,128	-
Teachers' retirement system and OPEB on behalf payments	-	(4,398,868)	4,398,868	-	-
Budgetary basis	<u>\$ 3,669,012</u>	<u>\$ 20,407,264</u>	<u>\$ (20,646,879)</u>	<u>\$ -</u>	<u>\$ 3,429,397</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, 2021 (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	\$ 5,911,358
Fiduciary funds	<u>59,248</u>
Total cash and cash equivalents	<u>\$ 5,970,606</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	\$ 309,248
Uninsured and collateralized	1,261,121
Uninsured and uncollateralized	<u>5,085,738</u>
Total Deposits	<u>\$ 6,656,107</u>

Investments

As of June 30, 2021, the Town's investments consisted of the following:

	Fiduciary Funds
Mutual funds	<u>\$ 3,481,477</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (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, 2021.

Note 4 – Operating Leases

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>
2022	\$ 34,693
2023	35,485
2024	36,301
2025	37,141
2026	38,005
Thereafter	<u>278,378</u>
	<u>\$ 460,003</u>

Note 5 – Capital Assets

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

General government	\$ 142,201
Public works	107,320
Public safety	144,583
Education	<u>739,863</u>
Total depreciation expense	<u>\$ 1,133,967</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Capital asset activity for the year was as follows:

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021
Capital assets not being depreciated:				
Land	\$ 953,240	\$ -	\$ -	\$ 953,240
	<u>953,240</u>	<u>-</u>	<u>-</u>	<u>953,240</u>
Capital assets being depreciated:				
Buildings and improvement	56,127,834	-	-	56,127,834
Furniture and equipment	7,675,511	561,586	220,000	8,017,097
Infrastructure	<u>3,185,995</u>	<u>-</u>	<u>-</u>	<u>3,185,995</u>
	<u>66,989,340</u>	<u>561,586</u>	<u>220,000</u>	<u>67,330,926</u>
Accumulated depreciation	<u>(14,189,488)</u>	<u>(1,133,967)</u>	<u>(220,000)</u>	<u>(15,103,455)</u>
Capital assets, net	<u>\$ 53,753,092</u>	<u>\$ (572,381)</u>	<u>\$ -</u>	<u>\$ 53,180,711</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			
	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	Total
Transfers out:				
General Fund	\$ -	\$ 259,096	\$ 502,035	\$ 761,131
Other Funds	<u>23,003</u>	<u>-</u>	<u>-</u>	<u>23,003</u>
	<u>\$ 23,003</u>	<u>\$ 259,096</u>	<u>\$ 502,035</u>	<u>\$ 784,134</u>

As of June 30, 2021, interfund receivables and payables were as follows:

	Due From		
	General Fund	Other Funds	Total
Due To:			
General Fund	\$ -	\$ 30,929	\$ 30,929
Capital Nonrecurring Fund	261,316	-	261,316
Capital Projects Fund	468,649	-	468,648
Town Special Grant Fund	767,420	-	767,420
Other Funds	<u>14,869</u>	<u>-</u>	<u>14,869</u>
	<u>\$ 1,512,254</u>	<u>\$ 30,929</u>	<u>\$ 1,543,183</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, 2021 (continued)

Note 7 – Long-Term Obligations

Changes In Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2021, 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	\$ 5,352,559	\$ 2,735,157	\$ 5,352,559	\$ 2,735,157	\$ 2,735,157
General obligation bonds	22,418,540	3,934,510	611,504	25,741,546	698,993
Capital lease obligations	316,071	443,011	126,373	632,709	140,470
Compensated absences	374,099	40,175	-	414,274	-
Post-closure landfill costs	30,000	-	6,000	24,000	6,000
Self-insurance benefit liability	68,662	3,004	-	71,666	-
Net OPEB liability	<u>3,034,176</u>	<u>451,414</u>	<u>-</u>	<u>3,485,590</u>	<u>-</u>
	<u>\$ 31,594,107</u>	<u>\$ 7,607,271</u>	<u>\$ 6,096,436</u>	<u>\$ 33,104,942</u>	<u>\$ 3,580,620</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, 2021, the Town was indebted under the following bond anticipation notes:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Rate (%)</u>	<u>Original Issue</u>	<u>June 30, 2021</u>
School Modernization Project	10/23/2020	10/22/2021	2.00%	\$ 2,935,500	\$ 2,735,157

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, 2021</u>
General obligation bonds:					
School modernization project	11/01/18	11/01/49	2.75%	\$ 9,000,000	\$ 8,600,562
Emergency services complex	07/12/18	07/12/38	2.75%	4,798,768	4,403,484
School modernization project	10/25/19	10/25/50	2.75%	9,000,000	8,802,990
School modernization project	10/23/20	10/23/49	2.125%	<u>3,934,510</u>	<u>3,934,510</u>
Total general obligation bonds				<u>\$ 26,733,278</u>	<u>\$ 25,741,546</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (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>
2022	\$ 699,648	\$ 683,956
2023	718,293	665,329
2024	737,439	646,201
2025	757,098	626,561
2026	777,286	606,394
2027-2030	4,208,706	2,710,001
2031-2035	4,801,147	2,118,135
2036-2040	4,796,430	1,451,118
2041-2045	4,485,920	852,904
2046-2050	<u>3,759,579</u>	<u>239,649</u>
Total	<u>\$ 25,741,546</u>	<u>\$ 10,600,248</u>

Capital Lease Obligations

In May 2020, the Town entered into an equipment capital lease agreement. The agreement requires annual payments of principal and interest of \$23,700 for five years beginning May 2020.

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.

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.

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, 2021, there was \$71,666 of claims payable.

Authorized and Unissued Debt

At June 30, 2021, there was \$644,854 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, 2021.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Post-Closure Landfill Costs

The Town has a closed landfill. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for 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)	\$ 16,944
Kingswood/Cedar Ridge (STEAP grant)	126,860
Town Clerk document restoration	10,136
LOCIP capital improvements	33,648
Scholarships	<u>53,446</u>
	<u>\$ 241,034</u>

Fund Balances

As of June 30, 2021, governmental fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Nonrecurring</u>	<u>Capital Projects Fund</u>	<u>School Modernization Project</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Prepaid expenses	\$ 7,354	\$ -	\$ -	\$ -	\$ -	\$ 7,354
Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,952</u>	<u>6,952</u>
	<u>7,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,952</u>	<u>14,306</u>
Restricted:						
Capital projects	-	43,784	143,804	-	-	187,588
Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,446</u>	<u>53,446</u>
	<u>-</u>	<u>43,784</u>	<u>143,804</u>	<u>-</u>	<u>53,446</u>	<u>241,034</u>
Committed:						
Capital projects	-	479,071	324,845	-	-	803,916
Inland Wetland mitigation	13,287	-	-	-	-	13,287
General government	-	-	-	-	3,586	3,586
Open space	<u>10,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,016</u>
	<u>23,303</u>	<u>479,071</u>	<u>324,845</u>	<u>-</u>	<u>3,586</u>	<u>830,805</u>
Assigned:						
Subsequent year's budget	193,999	-	-	-	-	193,999
Education	<u>276,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,662</u>	<u>334,562</u>
	<u>470,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,662</u>	<u>528,561</u>
Unassigned	<u>3,204,741</u>	<u>-</u>	<u>-</u>	<u>(362,874)</u>	<u>(3,640)</u>	<u>2,838,227</u>
	<u>\$ 3,706,297</u>	<u>\$ 522,855</u>	<u>\$ 468,649</u>	<u>\$(362,874)</u>	<u>\$118,006</u>	<u>\$ 4,452,933</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Note 9 – Deficit Fund Balances

The School Modernization Project and Education Grants funds have deficit fund balances of \$362,874 and \$3,640, respectively at June 30, 2021. 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, 2021, 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, 2021, the Town contributed \$82,063 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.

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, 2021 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	10% of annual compensation
All other participants	10% of annual compensation

For the year ended June 30, 2021, the Town contributed \$120,857 to the plan all of which is allocated to the participants' individual retirement. The plan is administered by the Town. There were 20 participants in the plan.

Connecticut State Teachers' Retirement System

Description of the Connecticut State Teachers' Retirement System

Teachers, principals, superintendents, and supervisors engaged in service 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).

Benefits Provided

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

Normal Retirement: 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.

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.

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.

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.

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.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

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 average annual salary.

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 2020/2021 school year, \$468,090 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 \$6,684,603. The Town had 88 active participants in the System at June 30, 2021.

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, with a reporting date of June 30, 2021, using the following key actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

Since the prior valuation, the Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:

- Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.
- Decrease payroll growth assumption from 3.25% to 3.00%.
- Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

The long-term expected rate of return on pension plan 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.0%	5.6%
Developed Market International Stock Fund	11.0%	6.0%
Emerging market International Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%

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 plan 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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan 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	\$ 36,645,156	\$ 29,299,451	\$ 23,201,007

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

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 \$29,299,451 and 100% of the collective net pension liability is allocated to the State.

June 30, 2020 is the actuarial valuation date upon which the total pension liability is based. In order to provide the experience gain or loss, an expected total pension liability is determined as of June 30, 2021 using standard roll forward techniques from last year's total pension liability. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return for the year. The change in assumptions due to the most recent experience study is similarly measured.

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, 2021, the Town recognized \$4,197,007 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

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.

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, 2021 (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, 2021, the following employees were covered by the benefit terms:

Retired members/beneficiaries receiving benefits	3
Active members	<u>106</u>
	<u>109</u>

Schedule of Funding Progress

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

Total OPEB Liability

The Town's total OPEB liability was \$3,485,590 as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020 with a measurement date of June 30, 2020.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Actuarial Assumptions and Other Inputs

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

Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal, level percent of salary
Salary increases	0.0 %
Discount rate	2.21% as of June 30, 2021 and 3.50% as of June 30, 2020, which is based on the 20-bond GO Index
Healthcare cost trend rates	7.50% percent for 2021, reduced by 0.15% per year, 4.5% ultimate rate
Mortality rates	Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2020 for IMRF Participants and the Teachers mortality table projected generationally with Scale-2020 for TRS Participants

Changes in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balance at June 30, 2020	\$ 3,034,176	\$ -	\$ 3,034,176
Service cost	108,814	-	108,814
Interest	109,334	-	109,334
Difference between expected and actual Experience	157,936	-	157,936
Change in assumptions	113,600	-	113,600
Contributions – employer	-	38,270	(38,270)
Benefit payments, including refunds of contributions	(38,270)	(38,270)	-
Net changes	451,414	-	451,414
Balance at June 30, 2021	\$ 3,485,590	\$ -	\$ 3,485,590

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Discount rate</u> <u>(2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
Total OPEB liability	\$ 4,137,680	\$ 3,485,590	\$ 2,962,016

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</u> <u>Cost Trend</u> <u>Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 2,965,144	\$ 3,485,590	\$ 4,123,960

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$46,333. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 118,452	\$ 1,175,528
Changes in assumptions	<u>274,813</u>	<u>382,012</u>
	<u>\$ 393,265</u>	<u>\$ 1,557,540</u>

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

Year ended June 30,	
2022	\$ (171,815)
2023	(171,815)
2024	(171,815)
2025	(239,699)
2026	(239,699)
Thereafter	(169,432)

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

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

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers’ Retirement System Retiree Health Insurance Plan (Connecticut State Teachers’ OPEB), a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers’ Retirement Board (TRB), if they choose to be covered. The Connecticut State Teachers’ OPEB is administered under the provisions of Chapter 167a Section 10-183 (t) of the Connecticut General Statutes. 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.

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, 2021 (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 2020/2021 school year, \$83,390 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 \$6,684,603. The Town had 88 active participants in the Connecticut State Teachers' OPEB at June 30, 2021.

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, 2020
Measurement Date	June 30, 2020
Reporting Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal, level percent of salary
Salary increases	3.00% to 6.50%
Inflation rate	2.75%
Discount rate	3.00% as of June 30, 2020, which is based on the 20-bond Municipal Index rate
Healthcare cost trend rates	5.125% for 2020, decreasing to an ultimate rate of 4.50% by 2023

Health care cost trend rates are set on an annual basis based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and the views of experts who are familiar with the Connecticut State Teachers' OPEB and/or similar plan offerings. Effective June 30, 2020, the health care cost trend rates for the Medicare Supplement and Medicare Advantage medical and prescription drug options were revised to reflect current expectations of future increases in health care claim costs for those options.

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

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:

<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 3.00 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 Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

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 \$4,370,014 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.

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, 2021, the Town recognized \$201,861 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Note 15 – Recently Issued Accounting Standards Not Yet Adopted

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. The impact of the following accounting pronouncements are currently being assessed by the Town as to the impact to the financial statements.

GASB Statement No. 87, Leases. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new Statement requires a Lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Town is aware of this Statement and will assess its impact to ensure timely implementation.

GASB Statement No. 92, Omnibus 2020. Statement 92 includes guidance addressing various accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements. The issues covered by GASB Statement No. 92, Omnibus 2020, include:

- Modification of the effective date of Statement No. 87, Leases, as well as associated implementation guidance, to fiscal years beginning after December 15, 2019, to address concerns regarding interim financial reports;
- Reporting intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan;
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for pensions and OPEB;
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to pension and OPEB arrangements; and
- Measurement of liabilities and assets, if any, related to asset retirement obligations in a government acquisition.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement postpones the effective dates of the following GASB Statements and Implementation Guides for one year from their original effective dates to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The GASB encourages and permits earlier application of these standards to the extent specified in each pronouncement as originally issued.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. GASB Statement No. 96 provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in Statement 87, Leases. It:

- Defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction;

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2021 (continued)

- Requires governments with SBITAs to recognize a right-to-use subscription asset — an intangible asset — and a corresponding subscription liability (with an exception for short-term SBITAs — those with a maximum possible term of 12 months); and
- Provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.
- The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Note 16 – Subsequent Events

Management has evaluated subsequent events from the financial statement date of June 30, 2021 through October 23, 2021, 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, 2021, on October 22, 2021, the Town issued a bond anticipation note of \$2,963,000, which matures on October 21, 2022 with an interest rate of 2.0%. The proceeds were used to pay off the \$2,935,500 bond anticipation note outstanding at that date plus related interest of \$27,500, which matured in October 2021.

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

TOWN OF NORTH STONINGTON, CONNECTICUT

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	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	29,299,451	26,280,038	20,263,436	21,022,437	22,178,866	16,369,155	15,130,003
Total	<u>\$29,299,451</u>	<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>\$ 6,684,603</u>	<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>	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<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	30 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**

	2021	2020	2019	2018
Total OPEB Liability				
Service costs	\$ 108,814	\$ 120,457	\$ 135,814	\$ 149,172
Interest	109,334	110,633	135,127	121,605
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	157,936	-	(1,880,846)	-
Change in assumptions	113,600	76,800	211,222	(544,396)
Benefit payments	(38,270)	(24,039)	(64,658)	-
Net change in total OPEB liability	451,414	283,851	(1,463,341)	(273,619)
Total OPEB liability, beginning	3,034,176	2,750,325	4,213,666	4,487,285
Total OPEB liability, ending (a)	<u>\$ 3,485,590</u>	<u>\$ 3,034,176</u>	<u>\$ 2,750,325</u>	<u>\$ 4,213,666</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ -	\$ -	\$ -	\$ -
Contributions - members	38,270	24,039	64,658	64,495
Net investment income	-	-	-	-
Benefit payments (based on expected)	(38,270)	(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>	<u>\$ -</u>
Net OPEB liability ending (a) - (b)	<u>\$ 3,485,590</u>	<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%	0.00%
Covered-employee payroll	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	N/A	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	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>4,370,014</u>	<u>4,098,528</u>	<u>4,050,808</u>	<u>5,410,937</u>
Total	<u>\$ 4,370,014</u>	<u>\$ 4,098,528</u>	<u>\$ 4,050,808</u>	<u>\$ 5,410,937</u>
Town's covered-employee payroll	<u>\$ 6,684,603</u>	<u>\$ 6,646,269</u>	<u>\$ 6,511,600</u>	<u>\$ 6,440,149</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<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 OPEB liability	<u>2.50%</u>	<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, 2021**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Revenues:					
Property taxes, interest and lien fees:					
General property taxes - current	\$ 15,349,138	\$ -	\$ 15,349,138	\$ 15,304,258	\$ (44,880)
General property taxes - past	100,000	-	100,000	104,493	4,493
Supplemental motor vehicles	140,000	-	140,000	181,273	41,273
Interest and lien fees	100,000	-	100,000	129,891	29,891
	15,689,138	-	15,689,138	15,719,915	30,777
Interest and investment earnings	4,200	-	4,200	4,452	252
Intergovernmental:					
Education cost sharing	2,607,016	-	2,607,016	2,584,204	(22,812)
Casino revenue	880,690	-	880,690	880,690	-
State aid for town road	240,483	-	240,483	236,635	(3,848)
Local and vocational transportation	1	-	1	-	(1)
FEMA grant	-	-	-	27,390	27,390
Local capital improvement program	49,158	-	49,158	-	(49,158)
Police reimbursement	40,003	-	40,003	-	(40,003)
Telecommunications revenue share	11,494	-	11,494	13,202	1,708
PILOT program reimbursement	12,148	-	12,148	12,148	-
Regional adult education	11,118	-	11,118	10,284	(834)
Veterans exemption reimbursement	6,000	-	6,000	7,080	1,080
Records preservation	5,500	-	5,500	5,500	-
Non-public nurse reimbursement	4,345	-	4,345	4,220	(125)
Disabled exemption reimbursement	500	-	500	822	322
STEAP	2	-	2	-	(2)
Emergency management	5,000	-	5,000	4,650	(350)
Boombridge road	55,512	-	55,512	114	(55,398)
Other	7,200	-	7,200	50,828	43,628
	3,936,170	-	3,936,170	3,837,767	(98,403)
Licenses, fees, fines and charges:					
Licenses, permits, conveyance taxes	102,000	-	102,000	170,141	68,141
Recreation Commission	53,085	-	53,085	46,449	(6,636)
Building official	60,000	-	60,000	262,483	202,483
Town Clerk LOCIP	1	-	1	-	(1)
Town Clerk restoration fees	1	-	1	-	(1)
Portal on-line copies	2,000	-	2,000	5,390	3,390
	217,087	-	217,087	484,463	267,376

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, 2021**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Other:					
Contractor's tipping fees	\$ 135,000	\$ -	\$ 135,000	\$ 161,391	\$ 26,391
Transfer stickers	1	-	1	-	(1)
Rent Town Property	33,743	-	33,743	35,992	2,249
Sale of town vehicles	50,000	-	50,000	46,501	(3,499)
Sanitary landfill - sale of recyclables	10,000	-	10,000	15,596	5,596
SCRRRA subsidy	11,000	-	11,000	-	(11,000)
Miscellaneous	73,200	-	73,200	71,245	(1,955)
Zoning Enforcement Officer	4,000	-	4,000	7,369	3,369
Planning and Zoning	1,500	-	1,500	1,562	62
Inland Wetlands	600	-	600	945	345
Assessor's Office	350	-	350	-	(350)
GIS services	1	-	1	20	19
Conservation Commission	1,200	-	1,200	630	(570)
Canine account	1,800	-	1,800	3,625	1,825
Fire Marshall	1	-	1	240	239
Resident trooper ticket revenue	5,800	-	5,800	2,780	(3,020)
Transfer in deobligated capital projects	122,226	-	122,226	-	(122,226)
CIRMA credits	10,000	-	10,000	12,369	2,369
Senior Center	5,000	-	5,000	-	(5,000)
Zoning Board of Appeals	200	-	200	402	202
	465,622	-	465,622	360,667	(104,955)
Total revenues	\$ 20,312,217	\$ -	\$ 20,312,217	\$ 20,407,264	\$ 95,047

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
General Government:					
Salaries:					
First Selectman	\$ 64,948	\$ -	\$ 64,948	\$ 65,198	\$ (250)
Second Selectman	2,703	-	2,703	2,703	-
Third Selectman	2,703	-	2,703	2,703	-
Secretary	29,350	-	29,350	19,093	10,257
Bookkeeper	59,670	-	59,670	59,883	(213)
Selectmen's expenditures	4,450	-	4,450	3,981	469
Office expenditures	1,000	-	1,000	272	728
Council of Small Towns	1,075	-	1,075	1,075	-
Certifications/seminars	2,500	-	2,500	1,075	1,425
SE CT Council of Governments	2,913	-	2,913	2,913	-
Admin and finance officer	76,500	-	76,500	76,795	(295)
	<u>247,812</u>	<u>-</u>	<u>247,812</u>	<u>235,691</u>	<u>12,121</u>
Probate Court	<u>2,806</u>	<u>-</u>	<u>2,806</u>	<u>2,820</u>	<u>(14)</u>
Board of Finance:					
Operating expenditures	250	-	250	98	152
Auditing	20,500	-	20,500	20,500	-
	<u>20,750</u>	<u>-</u>	<u>20,750</u>	<u>20,598</u>	<u>152</u>
Assessor's Office:					
Salaries:					
Assessor	73,125	-	73,125	73,406	(281)
Assessor assistant	50,066	-	50,066	50,258	(192)
Office expenditures	4,400	-	4,400	1,493	2,907
Seminars	550	-	550	-	550
Travel expenditures	300	-	300	-	300
Memberships	150	-	150	70	80
	<u>128,591</u>	<u>-</u>	<u>128,591</u>	<u>125,227</u>	<u>3,364</u>
Board of Assessment Appeals	<u>1,300</u>	<u>-</u>	<u>1,300</u>	<u>1,172</u>	<u>128</u>
Tax Collector:					
Salaries:					
Tax Collector	36,295	-	36,295	35,305	990
Clerical	-	-	-	-	-
Office expenditures	9,000	-	9,000	6,382	2,618
Computer	7,357	-	7,357	3,747	3,610
Travel expenditures	700	-	700	76	624
	<u>53,352</u>	<u>-</u>	<u>53,352</u>	<u>45,510</u>	<u>7,842</u>
Town Treasurer:					
Salary	7,641	-	7,641	7,641	-
Seminars	200	-	200	-	200
	<u>7,841</u>	<u>-</u>	<u>7,841</u>	<u>7,641</u>	<u>200</u>
Town Attorney	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>28,869</u>	<u>1,131</u>
Annexation Related:					
Tribal recognition	5,000	-	5,000	4,321	679
	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>4,321</u>	<u>679</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, 2021

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Town Clerk:					
Salaries:					
Town Clerk	\$ 50,238	\$ -	\$ 50,238	\$ 50,431	\$ (193)
Assistant	3,000	-	3,000	3,000	-
Office expenditures	4,783	-	4,783	3,116	1,667
Records restoration grant	5,500	-	5,500	5,500	-
Ordinances	1,700	-	1,700	1,672	28
Land records	11,223	-	11,223	11,071	152
	<u>76,444</u>	<u>-</u>	<u>76,444</u>	<u>74,790</u>	<u>1,654</u>
Planning and Zoning Commission:					
Salaries:					
Zoning Officer	76,032	-	76,032	76,325	(293)
Assistant	46,311	-	46,311	43,844	2,467
Membership dues & training	800	-	800	669	131
Travel expenditures	400	-	400	-	400
Attorney	12,500	-	12,500	5,648	6,852
Contracted consulting services	2,500	-	2,500	1,625	875
Office expenses	4,675	-	4,675	1,466	3,209
Advertising	4,400	-	4,400	2,064	2,336
	<u>147,618</u>	<u>-</u>	<u>147,618</u>	<u>131,641</u>	<u>15,977</u>
Building Department:					
Salaries:					
Building Official	36,400	-	36,400	31,320	5,080
Clerical stipends	-	-	-	-	-
Membership dues & training	1	-	1	-	1
Travel expenditures	150	-	150	50	100
	<u>36,551</u>	<u>-</u>	<u>36,551</u>	<u>31,370</u>	<u>5,181</u>
Zoning Board of Appeals	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>100</u>
Affordable housing committee	<u>500</u>	<u>4,500</u>	<u>5,000</u>	<u>4,500</u>	<u>500</u>
Economic Development Commission:					
Operating expenditures	5,000	-	5,000	801	4,199
CT Regional Economic Development	2,154	-	2,154	2,165	(11)
Consulting	-	-	-	-	-
	<u>7,154</u>	<u>-</u>	<u>7,154</u>	<u>2,966</u>	<u>4,188</u>
Recreation Commission:					
Salaries:					
Administrative	25,833	-	25,833	25,932	(99)
Camp Directors, etc.	14,225	-	14,225	11,700	2,525
Program expenditures	48,715	-	48,715	32,815	15,900
Maintenance	5,000	-	5,000	2,930	2,070
Old fire station expenses	10,360	-	10,360	8,392	1,968
Administrative expenditures	10,995	-	10,995	9,779	1,216
	<u>115,128</u>	<u>-</u>	<u>115,128</u>	<u>91,548</u>	<u>23,580</u>
Inland Wetlands Commission:					
Wages - Enforcement Officer	7,858	-	7,858	7,878	(20)
	<u>7,858</u>	<u>-</u>	<u>7,858</u>	<u>7,878</u>	<u>(20)</u>
Conservation Commission	<u>2,075</u>	<u>-</u>	<u>2,075</u>	<u>1,125</u>	<u>950</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, 2021

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Water Pollution Control Authority:					
WPCA expenditures	\$ 500	\$ -	\$ 500	\$ 185	\$ 315
	500	-	500	185	315
Fixed Charges:					
Town insurance	80,520	-	80,520	72,176	8,344
Volunteer fire co. insurance	28,000	-	28,000	28,000	-
Ambulance association insurance	1	-	1	-	1
Workers compensation insurance	20,621	-	20,621	19,019	1,602
Social security	125,045	-	125,045	116,230	8,815
Medical insurance	421,686	-	421,686	420,216	1,470
Employee benefits - pension	149,179	-	149,179	144,955	4,224
Volunteer incentive award - fire	34,000	-	34,000	34,000	-
Volunteer activity stipend - fire	58,000	-	58,000	58,000	-
Volunteer incentive ambulance	-	-	-	-	-
	917,052	-	917,052	892,596	24,456
Elections and Town Meetings:					
Salaries:					
Registrar of Voters	6,659	-	6,659	6,659	-
Registrar of Voters	6,659	-	6,659	6,659	-
Expenses	20,000	-	20,000	19,990	10
	33,318	-	33,318	33,308	10
Town Hall:					
Expenditures	46,000	-	46,000	42,515	3,485
Leasing equipment	9,000	-	9,000	6,740	2,260
Communication commission	3,000	-	3,000	2,715	285
Holly Green rental - nursing	1,668	-	1,668	1,668	-
Quarterly newsletter	6,000	-	6,000	6,000	-
Building leases	1	-	1	1	-
	65,669	-	65,669	59,639	6,030
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	-	-	-	-	-
	35,250	-	35,250	33,750	1,500
Selectmen's Engineering Service:					
Engineering for selectmen	2,500	-	2,500	2,100	400
Inspection of existing roads	-	-	-	-	-
	2,500	-	2,500	2,100	400

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, 2021**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Information Technology:					
Coordinator	\$ 68,203	\$ -	\$ 68,203	\$ 68,494	\$ (291)
Office expense	300	-	300	250	50
Open government	13,300	-	13,300	13,300	-
Digitized maintenance	32,525	-	32,525	31,574	951
Computer maintenance	17,485	-	17,485	17,264	221
	<u>131,813</u>	<u>-</u>	<u>131,813</u>	<u>130,882</u>	<u>931</u>
Public Safety:					
911 dispatching	45,313	-	45,313	45,313	-
Volunteer fire company	139,173	-	139,173	139,173	-
Fire Marshal	13,379	-	13,379	13,379	-
Fire Marshal operating expenditures	1,800	-	1,800	425	1,375
State troopers	419,580	-	419,580	361,903	57,677
State trooper DUI grant	40,000	-	40,000	-	40,000
Civil preparedness agency stipend	6,936	-	6,936	6,936	-
Civil preparedness expenditures	4,860	-	4,860	10,902	(6,042)
Emergency generator service contract	3,600	-	3,600	1,125	2,475
Animal control salary	25,837	-	25,837	23,915	1,922
Animal control training	2,000	-	2,000	990	1,010
Animal control operating expenditures	5,000	-	5,000	3,815	1,185
Center for Emergency Services	55,000	-	55,000	41,888	13,112
NSVFC per diem staffing	50,000	-	50,000	50,000	-
Ambulance association	250,000	-	250,000	250,016	(16)
	<u>1,062,478</u>	<u>-</u>	<u>1,062,478</u>	<u>949,780</u>	<u>112,698</u>
Public Works:					
Highway:					
Local capital improvements	49,158	-	49,158	-	49,158
State aided - town roads	240,483	-	240,483	240,483	-
Town road maintenance	175,000	-	175,000	172,228	2,772
Town garage expenditures	22,500	-	22,500	10,217	12,283
Machinery and maintenance repairs	68,000	-	68,000	64,360	3,640
Street lights	10,000	-	10,000	7,579	2,421
Highway foreman	78,602	-	78,602	62,693	15,909
Snow removal	56,100	-	56,100	48,737	7,363
Labor	535,872	-	535,872	506,177	29,695
Supplies	36,650	-	36,650	32,927	3,723
Diesel and gas	52,250	-	52,250	35,044	17,206
Town property - maintenance	7,500	96,752	104,252	109,246	(4,994)
Town property - labor	8,580	-	8,580	500	8,080
Tree warden	1,500	-	1,500	1,500	-
Hewitt farm property	5,000	-	5,000	2,946	2,054
Tree maintenance	20,000	-	20,000	18,060	1,940
Contracted services	17,000	-	17,000	10,572	6,428
	<u>1,384,195</u>	<u>96,752</u>	<u>1,480,947</u>	<u>1,323,269</u>	<u>157,678</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, 2021

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Sanitary Landfill:					
Labor	\$ 129,387	\$ -	\$ 129,387	\$ 127,509	\$ 1,878
Overtime	15,810	-	15,810	14,932	878
State mandated surveys	2,500	-	2,500	-	2,500
State license fees	3,200	-	3,200	2,375	825
SCRRA - tipping fees	189,000	-	189,000	210,734	(21,734)
SCRRA - membership fee	500	-	500	-	500
Hazardous waste collection	500	-	500	1,980	(1,480)
Water sampling /lab testing	17,225	-	17,225	16,906	319
Transfer station expenditures	11,200	-	11,200	7,947	3,253
Contractual services	22,000	-	22,000	20,066	1,934
	391,322	-	391,322	402,449	(11,127)
Total public works	1,775,517	96,752	1,872,269	1,725,718	146,551
Conservation of Health:					
Public Health Nursing/VNA	1,836	-	1,836	144	1,692
Director of Health	-	-	-	-	-
Sanitarian food service wages	-	-	-	-	-
Sanitarian well and septic salary	-	-	-	-	-
Health district	38,641	3,773	42,414	42,414	-
	40,477	3,773	44,250	42,558	1,692
Senior Citizens:					
Agent for the Elderly wages	13,384	-	13,384	13,435	(51)
Agent for the Elderly operating expenditures	400	-	400	-	400
Senior Citizens Center Coordinator	23,738	-	23,738	23,829	(91)
Senior Citizens Center - operating expenditures	33,436	(5,073)	28,363	17,721	10,642
	70,958	(5,073)	65,885	54,985	10,900
Miscellaneous:					
Cemeteries	8,000	-	8,000	6,967	1,033
Tax refunds	1	5,073	5,074	5,074	-
Annual memberships and dues	3,500	-	3,500	1,660	1,840
Lake Association weed control	15,000	-	15,000	11,525	3,475
Wheeler Library	55,000	-	55,000	55,000	-
Miscellaneous	749	-	749	227	522
	82,250	5,073	87,323	80,453	6,870
Total general government expenditures	5,108,662	105,025	5,213,687	4,823,621	390,066

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, 2021

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Redemption of Debt:					
School Modernization BAN	\$ 889,020	\$ -	\$ 889,020	\$ 889,020	\$ -
ESC BAN principal	315,184	-	315,184	315,184	-
	1,204,204	-	1,204,204	1,204,204	-
Education	14,119,738	-	14,119,738	14,117,019	2,719
Capital Outlay:					
Public Works:					
Dump truck refurbish	10,000	-	10,000	10,000	-
Miscellaneous equipment	-	-	-	-	-
Tractor/mower lease	25,000	-	25,000	25,000	-
Storage building roof	-	-	-	-	-
	35,000	-	35,000	35,000	-
Transfer station/bulk waste area:					
Transfer station/bulky waste area	10,000	-	10,000	10,000	-
Transfer Station/Bulk Waste Area	10,000	-	10,000	10,000	-
Selectmen:					
Ambulance equipment	10,127	-	10,127	10,127	-
Computer - Town Hall	16,000	-	16,000	16,000	-
NSVFC radio replacement	-	35,000	35,000	35,000	-
Open space acquisition	1,000	-	1,000	1,000	-
Selectmen's office equipment and furniture	-	-	-	-	-
Town buildings maintenance	20,000	-	20,000	20,000	-
Farm house repairs	10,000	20,000	30,000	30,000	-
Fire company - equipment/hose	4,500	-	4,500	4,500	-
Fire company - scuba	-	-	-	-	-
Fire company - turnout gear	15,000	-	15,000	15,000	-
Recreation facility repairs	15,000	-	15,000	15,000	-
Civil preparedness	-	-	-	-	-
Fire company breathing apparatus	48,795	-	48,795	48,795	-
NSAA Ambulance lease	64,685	-	64,685	64,685	-
Kingswood/Cedar Ridge (STEAP)	-	126,860	126,860	126,860	-
Fire tanker lease	70,068	-	70,068	70,068	-
	275,175	181,860	457,035	457,035	-
Assessor Revaluation Expense	-	-	-	-	-
Total capital outlay	320,175	181,860	502,035	502,035	-
Total expenditures	\$ 20,752,779	\$ 286,885	\$ 21,039,664	\$ 20,646,879	\$ 392,785

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	School Lunch Fund	Education Grants	Inland Wetland Mitigation	Open Space	C-PACE	Scholarships Held by School	Recreation Gift Fund	Emergency Services Center	Total
<u>Assets</u>									
Cash and cash equivalents	\$ 63,879	\$ -	\$ -	\$ -	\$ -	\$ 53,446	\$ -	\$ -	\$ 117,325
Receivables	62,322	-	-	-	-	-	-	-	62,322
Inventory	6,952	-	-	-	-	-	-	-	6,952
Due from other funds	-	11,283	-	-	-	-	3,586	-	14,869
Total assets	\$ 133,153	\$ 11,283	\$ -	\$ -	\$ -	\$ 53,446	\$ 3,586	\$ -	\$ 201,468
<u>Liabilities and Fund Balances (Deficits)</u>									
Liabilities:									
Due to other funds	\$ 30,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,929
Accrued expenses	37,610	-	-	-	-	-	-	-	37,610
Deferred grant revenue	-	14,923	-	-	-	-	-	-	14,923
Total liabilities	68,539	14,923	-	-	-	-	-	-	83,462
Fund Balances (Deficits):									
Nonspendable	6,952	-	-	-	-	-	-	-	6,952
Restricted	-	-	-	-	-	53,446	-	-	53,446
Committed	-	-	-	-	-	-	3,586	-	3,586
Assigned	57,662	-	-	-	-	-	-	-	57,662
Unassigned	-	(3,640)	-	-	-	-	-	-	(3,640)
Total fund balances (deficits)	64,614	(3,640)	-	-	-	53,446	3,586	-	118,006
Total liabilities and fund balances (deficits)	\$ 133,153	\$ 11,283	\$ -	\$ -	\$ -	\$ 53,446	\$ 3,586	\$ -	\$ 201,468

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, 2021**

	School Lunch Fund	Education Grants	Inland Wetland Mitigation	Open Space	C-PACE	Scholarships Held by School	Recreation Gift Fund	Emergency Services Center	Total
Revenues:									
Intergovernmental	\$ 153,281	\$ 378,048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 531,329
Local	15,940	-	-	-	68,218	15,869	-	-	100,027
Total revenues	<u>169,221</u>	<u>378,048</u>	<u>-</u>	<u>-</u>	<u>68,218</u>	<u>15,869</u>	<u>-</u>	<u>-</u>	<u>631,356</u>
Expenditures:									
Current:									
General government	-	-	-	-	70,718	-	-	-	70,718
Public safety	-	-	-	-	-	-	-	57	57
Education	179,147	370,895	-	-	-	4,750	-	-	554,792
Debt service expenditures	-	-	-	-	-	-	-	23,810	23,810
Total expenditures	<u>179,147</u>	<u>370,895</u>	<u>-</u>	<u>-</u>	<u>70,718</u>	<u>4,750</u>	<u>-</u>	<u>23,867</u>	<u>649,377</u>
Excess of revenues over (under) expenditures	<u>(9,926)</u>	<u>7,153</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>	<u>11,119</u>	<u>-</u>	<u>(23,867)</u>	<u>(18,021)</u>
Other Financing Sources (Uses):									
Transfers in (out)	-	-	(13,287)	(10,016)	-	-	300	-	(23,003)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(13,287)</u>	<u>(10,016)</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>(23,003)</u>
Net change in fund balances (deficits)	<u>(9,926)</u>	<u>7,153</u>	<u>(13,287)</u>	<u>(10,016)</u>	<u>(2,500)</u>	<u>11,119</u>	<u>300</u>	<u>(23,867)</u>	<u>(41,024)</u>
Fund balances (deficits), beginning of year	<u>74,540</u>	<u>(10,793)</u>	<u>13,287</u>	<u>10,016</u>	<u>2,500</u>	<u>42,327</u>	<u>3,286</u>	<u>23,867</u>	<u>159,030</u>
Fund balances (deficits), end of year	<u>\$ 64,614</u>	<u>\$ (3,640)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,446</u>	<u>\$ 3,586</u>	<u>\$ -</u>	<u>\$ 118,006</u>

TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	General Government Retirement	Board of Education Retirement	Custodial Funds	Total
Assets:				
Cash	\$ -	\$ -	\$ 59,248	\$ 59,248
Investments	2,133,583	1,347,894	-	3,481,477
Other receivables	120,857	-	-	120,857
Total assets	<u>2,254,440</u>	<u>1,347,894</u>	<u>59,248</u>	<u>3,661,582</u>
Liabilities:				
Accounts payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:				
Held in trust for pension benefits	2,254,440	1,347,894	-	3,602,334
Restricted for student groups	-	-	59,248	59,248
Total net position	<u>\$ 2,254,440</u>	<u>\$ 1,347,894</u>	<u>\$ 59,248</u>	<u>\$ 3,661,582</u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	General Government Retirement	Board of Education Retirement	Custodial Funds	Total
<u>Additions:</u>				
Employer contributions	\$ 137,687	\$ 52,853	\$ -	\$ 190,540
Investment earnings	375,069	66,007	-	441,076
Cash collected for the student groups	-	-	140,515	140,515
Total additions	<u>512,756</u>	<u>118,860</u>	<u>140,515</u>	<u>772,131</u>
<u>Deductions:</u>				
Distributions	-	67,055	-	67,055
Administrative expenses	-	51	-	51
Cash distributed to the student groups	-	-	159,630	159,630
Total deductions	<u>-</u>	<u>67,106</u>	<u>159,630</u>	<u>226,736</u>
Net increase (decrease)	512,756	51,754	(19,115)	545,395
Net position, beginning of year	<u>1,741,684</u>	<u>1,296,140</u>	<u>\$ 78,363</u>	<u>3,116,187</u>
Net position, end of year	<u><u>\$ 2,254,440</u></u>	<u><u>\$ 1,347,894</u></u>	<u><u>\$ 59,248</u></u>	<u><u>\$ 3,661,582</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, 2021**

	Beginning Balance	General Fund Budget	Additional Transfers	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
Restricted fund balance								
Town Clerk document restoration	\$ 8,506	\$ -	\$ -	\$ -	\$ 1,630	\$ 10,136	\$ -	\$ 10,136
LOCIP capital improvements	31,203	-	-	-	2,445	33,648	-	33,648
Total restricted	<u>39,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,075</u>	<u>43,784</u>	<u>-</u>	<u>43,784</u>
Committed fund balance								
Revaluation	155,644	-	-	-	-	155,644	76,428	79,216
Town equipment	5,992	-	-	-	-	5,992	4,489	1,503
Nonrecurring school funds	133,725	-	259,096	-	-	392,821	-	392,821
Town Clerk preservation	5,531	-	-	-	-	5,531	-	5,531
Total committed	<u>300,892</u>	<u>-</u>	<u>259,096</u>	<u>-</u>	<u>-</u>	<u>559,988</u>	<u>80,917</u>	<u>479,071</u>
Total	<u>\$ 340,601</u>	<u>\$ -</u>	<u>\$ 259,096</u>	<u>\$ -</u>	<u>\$ 4,075</u>	<u>\$ 603,772</u>	<u>\$ 80,917</u>	<u>\$ 522,855</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, 2021**

	Beginning Balance	General Fund Budget	Transfers to General Fund	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
Restricted fund balance								
Sewer study (STEAP)	\$ 31,196	\$ -	\$ -	\$ -	\$ -	\$ 31,196	\$ 14,252	\$ 16,944
Kingswood/Cedar Ridge (STEAP)	-	126,860	-	-	-	126,860	-	126,860
Total restricted	<u>31,196</u>	<u>126,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,056</u>	<u>14,252</u>	<u>143,804</u>
Committed fund balance								
Boombridge	71,527	-	-	-	-	71,527	4,766	66,761
Ambulance Association equipment	6,783	10,127	-	-	-	16,910	4,325	12,585
Town Hall computer	2,020	16,000	-	-	-	18,020	13,775	4,245
Transfer Station improvements	2,612	-	-	-	-	2,612	-	2,612
Dump truck refurbishments	6,169	10,000	-	-	-	16,169	2,530	13,639
Mack truck refurbish	-	10,000	-	-	-	10,000	-	10,000
Recreation facility upgrades	-	15,000	-	-	-	15,000	-	15,000
NSVFC radio replacement	-	35,000	-	-	-	35,000	-	35,000
Land acquisition	71,000	1,000	-	-	-	72,000	-	72,000
Town building repair	6,796	20,000	-	-	-	26,796	-	26,796
Civil preparedness	756	-	-	-	-	756	756	-
Recreation pavilion & fields	5,691	-	-	-	-	5,691	-	5,691
Town buildings - abate and demolish	21,368	-	-	-	-	21,368	249	21,119
Farm house	-	30,000	-	-	-	30,000	20,000	10,000
Fire Department training, rescue, scuba gear, hose	-	4,500	-	-	-	4,500	4,500	-
Capital lease - Ambulance	200	64,685	-	-	-	64,885	64,685	200
Fire Department turnout gear	-	15,000	-	-	-	15,000	15,000	-
NSVFC tanker	64,728	70,068	-	-	-	134,796	127,424	7,372
Water/sewer infrastructure	13,500	-	-	-	-	13,500	-	13,500
Ambulance repairs	3,226	-	-	-	-	3,226	-	3,226
Tractor/mower lease	1,300	25,000	-	-	-	26,300	23,700	2,600
Breathing Apparatus	-	48,795	-	-	-	48,795	48,795	-
Storage building roof	2,499	-	-	-	-	2,499	-	2,499
Total committed	<u>280,175</u>	<u>375,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>655,350</u>	<u>330,505</u>	<u>324,845</u>
Total	<u>\$ 311,371</u>	<u>\$ 502,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 813,406</u>	<u>\$ 344,757</u>	<u>\$ 468,649</u>

TOWN OF NORTH STONINGTON, CONNECTICUT

**BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Salaries:					
Central office	\$ 680,881	\$ 13,367	\$ 694,248	\$ 685,421	\$ 8,827
Administrators	413,427	-	413,427	477,334	(63,907)
Teachers	6,294,990	3,120	6,298,110	6,271,017	27,093
Guidance	144,699	-	144,699	145,851	(1,152)
Secretarial	180,806	-	180,806	178,029	2,777
Teacher assistants	352,831	13,329	366,160	353,287	12,873
Library/media	154,513	-	154,513	126,730	27,783
Custodial/grounds	451,221	10,493	461,714	458,557	3,157
Central office	161,752	-	161,752	169,486	(7,734)
Contracted services	65,000	-	65,000	79,364	(14,364)
Instructional supplies	64,123	-	64,123	161,137	(97,014)
Other expenses, schools	136,194	-	136,194	141,049	(4,855)
Supplies, health	3,500	-	3,500	3,658	(158)
Transportation	1,142,229	-	1,142,229	832,579	309,650
Heat	70,000	-	70,000	33,152	36,848
Utilities	169,222	-	169,222	262,176	(92,954)
Custodial supplies	57,350	-	57,350	83,486	(26,136)
Postage	1,500	-	1,500	1,500	-
Maintenance services	203,489	-	203,489	208,141	(4,652)
Lease of equipment	41,348	-	41,348	27,375	13,973
Replacement of equipment	-	-	-	23,373	(23,373)
Social security	219,796	-	219,796	225,026	(5,230)
Employee benefits	2,564,268	2,038	2,566,306	2,495,943	70,363
Employee retirement	69,834	-	69,834	82,063	(12,229)
Student activities	104,449	-	104,449	45,280	59,169
Equipment	3,000	-	3,000	7,703	(4,703)
Tuition	310,403	-	310,403	267,159	43,244
Other	58,913	(42,347)	16,566	271,143	(254,577)
Total expenditures	\$ 14,119,738	\$ -	\$ 14,119,738	\$ 14,117,019	\$ 2,719

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, 2021**

Total tax collections including interest and
lien fees for the year ended June 30, 2020

\$ 15,582,393

Reimbursement for revenue loss on:

Tax Relief for Elderly (CGS 12-129d)

-

Base

\$ 15,582,393

	<u>General</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 35,060,384	\$	\$	\$	\$
4 1/2 times base		70,120,769			
3 3/4 times base			58,433,974		
3 1/4 times base				50,642,777	
3 times base					46,747,179
Total debt limitation	<u>35,060,384</u>	<u>70,120,769</u>	<u>58,433,974</u>	<u>50,642,777</u>	<u>46,747,179</u>
Indebtedness:					
Bond anticipation notes payable	-	2,735,157	-	-	-
General obligation bonds	4,403,484	21,338,062	-	-	-
Authorized but unissued	<u>-</u>	<u>644,854</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>4,403,484</u>	<u>24,718,073</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 30,656,900</u></u>	<u><u>\$ 45,402,696</u></u>	<u><u>\$ 58,433,974</u></u>	<u><u>\$ 50,642,777</u></u>	<u><u>\$ 46,747,179</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, 2021**

Grand List October 1,	Taxes Receivable June 30, 2020	Lawful Corrections		Suspense Transfers	Taxes Receivable	Collections			Taxes Receivable June 30, 2021
		Additions	Deductions			Taxes	Interest and Liens	Total	
2019	\$ 15,694,094	\$ 17,866	\$ 34,245	\$ -	\$ 15,677,715	\$ 15,360,679	\$ 64,975	\$ 15,425,654	\$ 317,036
2018	247,189	164	4,714	-	242,639	179,640	35,273	214,913	62,999
2017	77,986	-	343	-	77,643	43,012	16,544	59,556	34,631
2016	35,370	-	62	-	35,308	10,642	4,493	15,135	24,666
2015	12,763	-	4	-	12,759	1,204	1,107	2,311	11,555
2014	8,960	-	-	-	8,960	1,239	1,358	2,597	7,721
2013	13,351	-	-	-	13,351	561	721	1,282	12,790
2012	6,303	-	-	-	6,303	556	815	1,371	5,747
2011	5,488	-	-	-	5,488	588	1,289	1,877	4,900
2010	6,591	-	-	-	6,591	440	814	1,254	6,151
2009	2,925	-	-	-	2,925	417	780	1,197	2,508
2008	1,436	-	-	-	1,436	251	552	803	1,185
2007	1,404	-	-	-	1,404	246	584	830	1,158
2006	1,179	-	-	-	1,179	234	600	834	945
2005	1,168	-	-	-	1,168	-	-	-	1,168
	<u>\$ 16,116,207</u>	<u>\$ 18,030</u>	<u>\$ 39,368</u>	<u>\$ -</u>	<u>\$ 16,094,869</u>	<u>\$ 15,599,709</u>	<u>\$ 129,905</u>	<u>\$ 15,729,614</u>	<u>\$ 495,160</u>

See accompanying Independent Auditors' Report.