

TOWN OF NORTH STONINGTON, CONNECTICUT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
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, 2019, 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, 2019, 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.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, the Town adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, effective July 1, 2018. The net position of the Town at July 1, 2018 has been restated to recognize the effects of implementing GASB No. 84. Our opinion is not modified with respect to this matter.

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 4 through 10 and the required supplementary information on pages 45 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Sandra E. Welwood, LLC

Danbury, Connecticut
October 28, 2019

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

JUNE 30, 2019

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, 2019. Please read it in conjunction with the Town's financial statements, which begin on page 11.

The Town's discussion and analysis is designed to:

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

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$18,939,537 (net position). This is an increase of \$5,676,290 from the prior fiscal year before restatement for new accounting requirements.
- Government-wide revenues were \$26,096,290 and expenses were \$20,420,000. On a government-wide basis, revenues exceeded expenses by \$5,676,290.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$5,185,939, a decrease of \$861,269 from the prior fiscal year. This represents the combined balances in the General Fund, Capital Nonrecurring Fund, Capital Projects Fund, Emergency Services Center Fund, School Modernization Project Fund, and other smaller funds.
- In the General Fund, revenues were less than expenses and net transfers by \$192,219. The total General Fund balance of \$3,471,053 as of June 30, 2019, compares to a balance of \$3,663,272 in the prior year (as restated).
- At the end of the current fiscal year, the Unassigned General Fund balance was \$3,239,515. This represents 16.3% of total General Fund expenditures (on a budgetary basis) in the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer term view of the Town's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position increased by \$5,676,290 (before restatement for an accounting change) from a year ago. Our analysis below focuses on the net position and changes in net position of the Town.

	<u>2019</u>	<u>Change During Year</u>		<u>2018</u>
		<u>Dollars</u>	<u>Percent</u>	
<u>Assets</u>				
Current and other assets	\$ 7,060,371	\$ (384,144)	-5.2%	\$ 7,444,515
Capital assets	<u>40,139,653</u>	<u>18,396,066</u>	84.6%	<u>21,743,587</u>
Total assets	<u>47,200,024</u>	<u>18,011,922</u>	61.7%	<u>29,188,102</u>
<u>Liabilities</u>				
Long-term debt outstanding	24,445,562	10,143,753	70.9%	14,301,809
Other liabilities	<u>1,890,800</u>	<u>748,252</u>	65.5%	<u>1,142,548</u>
Total liabilities	<u>26,336,362</u>	<u>10,892,005</u>	70.5%	<u>15,444,357</u>
<u>Deferred Inflows of Resources</u>				
OPEB related items	<u>1,924,125</u>	<u>1,420,325</u>	281.9%	<u>503,800</u>
<u>Net Position</u>				
Net investment in capital assets	18,624,287	6,654,262	55.6%	11,970,025
Restricted – expendable	77,836	(188,574)	-70.8%	266,410
Unrestricted	<u>237,414</u>	<u>(766,096)</u>	-76.3%	<u>1,003,510</u>
Total net position	<u>\$ 18,939,537</u>	<u>\$ 5,699,592</u>	43.0%	<u>\$ 13,239,945</u>

Capital Assets increased by \$18,396,066. The increase includes \$625,938 reduction for current year depreciation expense, which was more than offset by the Town's capital spending during the year.

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

At June 30, 2019, the Town had total long term obligations of \$24,445,562. The Town's debt increased from \$14,301,809 during the current fiscal year. The key factor in this increase was the increase in debt outstanding for the Emergency Services Center and the School Modernization projects. See Note 7 to the financial statements for additional information.

	2019	Change During Year		2018
		Dollars	Percent	
Revenues				
Program revenues:				
Charges for services	\$ 534,123	\$ 13,615	2.6%	\$ 520,508
Operating grants and contributions	4,286,883	(1,427,382)	-25.0%	5,714,265
Capital grants and contributions	5,198,281	3,792,753	269.8%	1,405,528
General revenues:				
Property taxes	14,966,310	(103,036)	-0.7%	15,069,346
Grants and contributions	959,491	40,129	4.4%	919,362
Interest and investment earnings	4,361	(248)	-5.4%	4,609
Other	146,841	(9,893)	-6.3%	156,734
Total revenues	<u>26,096,290</u>	<u>2,305,938</u>	9.7%	<u>23,790,352</u>
Expenses				
General government	2,493,099	198,182	8.6%	2,294,917
Public safety	1,369,188	202,158	17.3%	1,167,030
Public works	1,808,592	298,076	19.7%	1,510,516
Education	14,274,403	(2,058,577)	-12.6%	16,332,980
Interest on long-term debt	474,718	269,291	131.1%	205,427
Total expenses	<u>20,420,000</u>	<u>(1,090,870)</u>	-5.1%	<u>21,510,870</u>
Change in net position	<u>\$ 5,676,290</u>	<u>\$ 3,396,808</u>	149.0%	<u>\$ 2,279,482</u>

The following are the significant changes from the prior year:

- Operating grants revenue decreased \$1,427,382 (25.0%) because of a decrease in state aid.
- Capital grants revenue increased \$3,792,753 (269.8%) because the current year includes higher project reimbursement grants.
- Education expenses decreased \$2,058,577 (12.6%) primarily from a decrease 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 \$5,185,939, a decrease of \$837,967 from the prior year.

Ending Fund Balance as of:	2019	2018	Change
General Fund	\$ 3,471,053	\$ 3,639,970	\$ (168,917)
Capital Nonrecurring Fund	222,323	174,398	47,925
Capital Projects Fund	629,733	878,012	(248,279)
Emergency Services Center	237,206	666,315	(429,109)
School Capital Project	460,881	521,616	(60,735)
Other Funds	<u>164,743</u>	<u>143,595</u>	<u>21,148</u>
Total	<u>\$ 5,185,939</u>	<u>\$ 6,023,906</u>	<u>\$ (837,967)</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 \$3,239,515. 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 16.3% of total General Fund expenditures (on a budgetary basis) in the current fiscal year. In the prior year, the Unassigned Fund Balance was 16.7% of the total General Fund expenditures (on a budgetary basis).

The Town's total General Fund balance decreased by \$168,917 or 4.6% 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:

	Final Budget	Actual	Better (Worse) Than Budget
Revenues:			
Property taxes	\$ 14,969,870	\$ 14,945,306	\$ (24,564)
Interest and investment earnings	4,200	4,361	161
Intergovernmental	4,103,317	4,053,452	(49,865)
Licenses, fees, fines and charges	235,503	207,599	(27,904)
Other	<u>692,102</u>	<u>741,017</u>	<u>48,915</u>
Total revenues	<u>20,004,992</u>	<u>19,951,735</u>	<u>(53,257)</u>
Expenditures:			
General government	5,070,379	4,755,348	315,031
Debt service	1,026,180	1,026,180	-
Capital outlay	319,592	635,580	(315,988)
Education	<u>13,514,959</u>	<u>13,508,608</u>	<u>6,351</u>
Total expenditures	<u>19,931,110</u>	<u>19,925,716</u>	<u>5,394</u>
Increase in fund balance – budgetary basis	<u>\$ 73,882</u>	<u>\$ 26,019</u>	<u>\$ (47,863)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Town had \$40,139,653 invested in capital assets. This amount represents a net increase (including additions and deductions) of \$18,396,066 from last year. This is primarily due to various infrastructure projects, which more than offset the current year's depreciation expense. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

Debt

At June 30, 2019, the Town had bond anticipation notes outstanding of \$7,279,446 and general obligation bonds of \$13,798,768. In addition, subsequent to June 30, 2019, on October 25, 2019, the Town issued \$9,000,000 of general obligation bonds and paid off the bond anticipation notes of \$7,279,446 outstanding at June 30, 2019 plus additional amounts issued subsequent to June 30, 2019. This debt was issued primarily for the School Modernization project. More detailed information about the Town's long-term obligations is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Grand List for Fiscal Year 2018-2019 grew by approximately .36% percent. The Town's surplus is currently \$3,239,515 or approximately 16% of the Town's approved fiscal year 2019-2020 budget.

Two new commercial zones have been created by the Planning & Zoning Commission. The Village Commercial District will allow existing businesses in the zone to expand and the Resort Commercial District was envisioned to encourage new investment more compatible with neighboring Foxwoods Resort Casino.

The Town has seen three straight years of housing growth. This is a strong indicator of economic health. There have been 30 new houses approved during the last 3 years, 11 in Fiscal Year 2018-2019.

Many new businesses have been approved – some still pending construction – including three restaurants, a machine shop/auto repair shop, gas station, micro-assisted living facility, and a wellness center. Faria Beede moved into the existing industrial facility on Frontage Road which houses many businesses and a new Boat Storage Facility for Barton & Gray Mariners. Shunock River (Micro) Brewery will open this year in the center of the Historic Village.

A 120-ac Solar Farm is expected to break ground in spring 2020 and another smaller solar facility is currently being reviewed by the Planning and Zoning Commission. A second community solar project and small affordable housing development are in the planning stages pending Town Meeting approval.

Many larger vacant parcels and large farms have generated recent interest. Owners of Saltwater Vineyard in Stonington have purchased the former Crider Farm with plans for a new event venue and vineyard envisioned. Devon Point Farm has purchased a large track off Jeremy Hill Road for their Cattle Farm, and two new equine facilities/farms are planning to locate in North Stonington this year. Owners of the new Wellness Center in Holly Green have purchased the 32 acre farm across the street to further develop the holistic campus. The farm will be run by a non-profit (Better Together) and will focus primarily on the needs of returning military veterans. This and a large farm on Swantown Hill Road are also licensed Hemp growers for the State and have begun planting.

The new Wheeler Middle High School opened as scheduled in March 2019. Construction is under way on the North Stonington Elementary School renovation.

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, 2019**

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 6,355,813
Receivables:	
Taxes and interest	585,927
Intergovernmental	80,481
Other	28,092
Prepaid expenses	2,329
Inventory	7,729
Noncurrent assets:	
Capital assets:	
Not being depreciated	24,993,216
Being depreciated, net of accumulated depreciation	15,146,437
	<hr/>
Total assets	47,200,024
	<hr/>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	1,207,024
Accrued expenses	77,708
Accrued interest payable	401,152
Unearned revenue	128,739
Performance bonds payable	76,177
Noncurrent liabilities:	
Due within one year	7,767,322
Due in more than one year	16,678,240
	<hr/>
Total liabilities	26,336,362
	<hr/>
<u>Deferred Inflows of Resources</u>	
OPEB related items	1,924,125
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<u>Net Position</u>	
Net investment in capital assets	18,624,287
Restricted:	
Expendable	203,807
Unrestricted	111,443
	<hr/>
Total net position	\$ 18,939,537
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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, 2019**

					Net (Expense) Revenue and Changes in Net Position
Program Revenues					
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ (2,493,099)	\$ 358,356	\$ 4,500	\$ -	\$ (2,130,243)
Public safety	(1,369,188)	-	65,046	-	(1,304,142)
Public works	(1,808,592)	-	240,483	180,275	(1,387,834)
Education	(14,274,403)	175,767	3,976,854	5,018,006	(5,103,776)
Interest on debt	(474,718)	-	-	-	(474,718)
Total governmental activities	\$ (20,420,000)	\$ 534,123	\$ 4,286,883	\$ 5,198,281	(10,400,713)
General Revenues:					
Property taxes, interest, and lien fees					14,966,310
Grants and contributions not restricted to specific programs					959,491
Interest and investment earnings					4,361
Other					146,841
Total general revenues					16,077,003
Change in net position					5,676,290
Net position, beginning of year - as reported					13,239,945
Adjustment to reflect adoption of new accounting standard					23,302
Net position, beginning of year - as restated					13,263,247
Net position, end of year					\$ 18,939,537

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

TOWN OF NORTH STONINGTON, CONNECTICUT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	Emergency Services Center	School Modernization Project	Other Funds	Total Governmental Funds
<u>Assets</u>							
Cash and cash equivalents	\$ 4,297,630	\$ 217,067	\$ -	\$ 237,206	\$ 1,471,484	\$ 132,426	\$ 6,355,813
Receivables:							
Taxes and interest	585,927	-	-	-	-	-	585,927
Intergovernmental	32,719	-	-	-	-	47,762	80,481
Other	28,092	-	-	-	-	-	28,092
Prepaid expenses	2,329	-	-	-	-	-	2,329
Due from other funds	18,275	5,256	629,733	-	-	26,429	679,693
Inventory	-	-	-	-	-	7,729	7,729
Total assets	\$ 4,964,972	\$ 222,323	\$ 629,733	\$ 237,206	\$ 1,471,484	\$ 214,346	\$ 7,740,064
<u>Liabilities</u>							
Accounts payable	\$ 198,456	\$ -	\$ -	\$ -	\$ 1,008,568	\$ -	\$ 1,207,024
Accrued expenses	52,731	-	-	-	-	24,977	77,708
Performance bonds payable	76,177	-	-	-	-	-	76,177
Unearned revenue	120,353	-	-	-	-	8,386	128,739
Due to other funds	661,418	-	-	-	2,035	16,240	679,693
Total liabilities	1,109,135	-	-	-	1,010,603	49,603	2,169,341
<u>Deferred Inflows of Resources</u>							
Unavailable revenue - taxes	384,784	-	-	-	-	-	384,784
<u>Fund Balances</u>							
Nonspendable	2,329	-	-	-	-	7,729	10,058
Restricted	-	36,254	131,196	-	-	36,357	203,807
Committed	-	186,069	498,537	237,206	460,881	26,429	1,409,122
Assigned	229,209	-	-	-	-	100,904	330,113
Unassigned	3,239,515	-	-	-	-	(6,676)	3,232,839
Total fund balances	3,471,053	222,323	629,733	237,206	460,881	164,743	5,185,939
Total liabilities, deferred inflows of resources, and fund balances	4,964,972	222,323	629,733	237,206	1,471,484	214,346	

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.	40,139,653
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	384,784
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	(21,407,628)
Compensated absences and OPEB related items	(4,926,059)
Accrued interest payable	(401,152)
Landfill costs	(36,000)
Net position	\$ 18,939,537

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, 2019**

	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	Emergency Services Center	School Modernization Project	Other Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 14,945,306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,945,306
Intergovernmental	4,981,989	-	-	30,000	5,018,006	339,654	10,369,649
Local	537,005	-	-	12,480	-	210,846	760,331
Total revenues	20,464,300	-	-	42,480	5,018,006	550,500	26,075,286
Expenditures:							
Current:							
General government	2,396,984	-	-	-	-	30,557	2,427,541
Public safety	934,533	-	-	22,000	-	-	956,533
Public works	1,699,636	-	-	-	-	-	1,699,636
Education	14,373,747	-	-	-	151,268	501,201	15,026,216
Capital outlay	-	-	423,387	109,452	17,566,876	-	18,099,715
Debt service	-	-	-	75,086	84,199	-	159,285
Total expenditures	19,404,900	-	423,387	206,538	17,802,343	531,758	38,368,926
Excess of revenues over (under) expenditures	1,059,400	-	(423,387)	(164,058)	(12,784,337)	18,742	(12,293,640)
Other Financing Sources (Uses):							
Proceeds from issuance of notes/loans	-	-	-	4,798,769	16,279,445	-	21,078,214
Payment of notes/loans	-	-	-	(5,340,000)	(4,305,843)	-	(9,645,843)
Transfers in	415,972	47,925	591,080	276,180	750,000	2,406	2,083,563
Transfers out	(1,667,591)	-	(415,972)	-	-	-	(2,083,563)
Total other financing sources (uses)	(1,251,619)	47,925	175,108	(265,051)	12,723,602	2,406	11,432,371
Net change in fund balances	(192,219)	47,925	(248,279)	(429,109)	(60,735)	21,148	(861,269)
Fund balances, beginning of year, as reported	3,639,970	174,398	878,012	666,315	521,616	143,595	6,023,906
Adjustment to reflect adoption of new accounting standard	23,302	-	-	-	-	-	23,302
Fund balance, beginning of year, as restated	3,663,272	174,398	878,012	666,315	521,616	143,595	6,047,208
Fund balances, end of year	\$ 3,471,053	\$ 222,323	\$ 629,733	\$ 237,206	\$ 460,881	\$ 164,743	\$ 5,185,939

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, 2019**

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

Net change in fund balances - total governmental funds **\$ (861,269)**

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

Capital outlays (net of disposals) treated as expenditures	19,022,004
Depreciation expense not considered in the fund statements	(625,938)
	18,396,066

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	(11,432,371)
Capital lease	(192,238)
Post-closure landfill costs	6,000
	(11,618,609)

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	21,004
----------------------------	--------

Expenses:

Compensated absences and OPEB related items	54,531
Accrued interest payable	(315,433)
	(239,898)

Change in net position **\$ 5,676,290**

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, 2019**

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes, interest, and lien fees	\$ 14,969,870	\$ 14,969,870	\$ 14,945,306	\$ (24,564)
Interest and investment earnings	4,200	4,200	4,361	161
Intergovernmental	4,103,317	4,103,317	4,053,452	(49,865)
Licenses, fees, fines and charges	235,503	235,503	207,599	(27,904)
Other	692,102	692,102	741,017	48,915
Total revenues	20,004,992	20,004,992	19,951,735	(53,257)
Expenditures:				
Current:				
General government	263,466	263,466	257,006	6,460
Probate Court	2,767	2,767	2,782	(15)
Board of Finance	19,950	20,375	20,375	-
Assessor's Office	133,697	133,697	131,528	2,169
Board of Assessment Appeals	1,000	1,000	665	335
Tax Collector	63,416	63,416	55,110	8,306
Town Treasurer	7,344	7,344	7,344	-
Town Attorney	20,000	30,471	30,471	-
Annexation related	25,000	14,529	12,649	1,880
Town Clerk	67,974	70,237	70,207	30
Planning and Zoning Commission	138,061	138,061	134,016	4,045
Building Department	43,328	43,328	33,269	10,059
Zoning Board of Appeals	1,000	1,000	1,000	-
Affordable housing committee	700	700	546	154
School Building and Planning Committee	2	2	-	2
Economic Development Commission	17,654	17,654	9,054	8,600
Recreation Commission	117,244	117,244	114,580	2,664
Inland Wetlands Commission	8,207	8,207	7,706	501
Conservation Commission	2,000	2,000	1,627	373
Fixed charges	943,523	943,523	856,923	86,600
Elections and Town Meetings	30,800	30,800	26,041	4,759
Town Hall	70,040	69,131	63,344	5,787
Social Services/Welfare	40,075	40,075	36,575	3,500
Selectmen's Engineering Service	2,500	2,500	-	2,500
Information Technology	93,615	90,307	89,389	918
Public safety	1,055,371	1,055,371	934,533	120,838
Public works	1,738,628	1,738,628	1,699,636	38,992
Conservation of Health	40,686	40,686	40,179	507
Senior Citizens	61,580	61,580	61,226	354
Miscellaneous	53,751	55,280	54,624	656
Education	13,514,959	13,514,959	13,508,608	6,351
Capital outlay	319,592	319,592	635,580	(315,988)
Debt service	1,026,180	1,026,180	1,026,180	-
Total expenditures	19,931,110	19,931,110	19,925,716	5,394
Net change in fund balance	\$ 73,882	\$ 73,882	26,019	\$ (47,863)
Fund balance, beginning of year, as reported			3,192,523	
Adjustment to reflect adoption of new accounting standard			23,302	
Fund balance, beginning of year, as restated			3,215,825	
Fund balance, end of year			\$ 3,241,844	

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, 2019**

	Pension Trust Funds	Other Fiduciary Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 509,493	\$ 56,334
Investments	2,905,414	-
Other receivables	92,856	-
Total assets	3,507,763	56,334
<u>Liabilities</u>		
Due to students and developers	-	55,607
Due to governmental funds	-	727
Total liabilities	-	56,334
Net position held in trust for pension benefits	\$ 3,507,763	\$ -

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, 2019**

	<u>Pension Trust Funds</u>
Additions:	
Employer contributions	\$ 162,442
Investment earnings	<u>118,883</u>
Total additions	<u>281,325</u>
Deductions:	
Distributions	43,141
Administrative expenses	<u>31</u>
Total deductions	<u>43,172</u>
Change in net position	238,153
Net position, beginning of year	<u>3,269,610</u>
Net position, end of year	<u><u>\$ 3,507,763</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, 2019

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

Governmental Funds

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

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

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

Fiduciary Funds

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

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

Additionally, the Town reports the following funds:

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

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

Cash, Cash Equivalents, and Investments

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

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

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

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

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

Receivables

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

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (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, 2019, 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, 2019 (continued)

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

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

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

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

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

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

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

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

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

Estimates

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

Note 2 – Budgets and Budgetary Accounting

Budgetary Basis

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

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

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

	Restated Fund Balance <u>Beginning</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Uses</u>	Fund Balance <u>Ending</u>
GAAP basis	\$ 3,663,272	\$ 20,464,300	\$ (19,404,900)	\$ (1,251,619)	\$ 3,471,053
Encumbrances:					
June 30, 2018	(447,447)	-	447,447	-	-
June 30, 2019	-	-	(229,209)	-	(229,209)
Reclassifications	-	415,972	(1,667,591)	1,251,619	-
Teachers' retirement system and OPEB on behalf payments	-	(928,537)	928,537	-	-
Budgetary basis	<u>\$ 3,215,825</u>	<u>\$ 19,951,735</u>	<u>\$ (19,925,716)</u>	<u>\$ -</u>	<u>\$ 3,241,844</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, 2019 (continued)

Budget Control

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

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

Special Revenue Funds

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

Capital Project Funds

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

Note 3 – Deposits and Investments

Cash and Cash Equivalents

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

Governmental funds	\$ 6,355,813
Fiduciary funds	<u>565,827</u>
Total cash and cash equivalents	<u>\$ 6,921,640</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	\$ 306,334
Uninsured and collateralized	1,399,006
Uninsured and uncollateralized	<u>5,068,892</u>
Total Deposits	<u>\$ 6,774,232</u>

Investments

As of June 30, 2019, the Town's investments consisted of the following:

	Fiduciary
	<u>Funds</u>
Mutual funds	<u>\$ 2,905,414</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (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, 2019.

Note 4 – Operating Lease

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

<u>Year Ending</u>	<u>Future Rental Payments</u>
2020	\$ 25,413
2021	<u>250</u>
Total	<u>\$ 25,663</u>

Note 5 – Capital Assets

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

General government	\$ 65,557
Public works	126,471
Public safety	220,417
Education	<u>213,493</u>
Total depreciation expense	<u>\$ 625,938</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (continued)

Capital asset activity for the year was as follows:

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019
Capital assets not being depreciated:				
Construction in process	\$ 6,128,182	\$ 17,911,794	\$ -	\$ 24,039,976
Land	<u>953,240</u>	<u>-</u>	<u>-</u>	<u>953,240</u>
	<u>7,081,422</u>	<u>17,911,794</u>	<u>-</u>	<u>24,993,216</u>
Capital assets being depreciated:				
Buildings and improvement	18,143,325	65,889	189,500	18,019,714
Furniture and equipment	6,233,241	1,391,991	188,854	7,436,378
Infrastructure	<u>3,185,995</u>	<u>-</u>	<u>-</u>	<u>3,185,995</u>
	<u>27,562,561</u>	<u>1,457,880</u>	<u>378,354</u>	<u>28,642,087</u>
Accumulated depreciation	<u>(12,900,396)</u>	<u>(625,938)</u>	<u>(30,684)</u>	<u>(13,495,650)</u>
Capital assets, net	<u>\$ 21,743,587</u>	<u>\$ 18,743,736</u>	<u>\$ 347,670</u>	<u>\$ 40,139,653</u>

Note 6 – Interfund Receivables, Payables, and Transfers

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

	Transfers In						Total
	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	Emergency Services Center	School Modernization Project	Other Funds	
Transfers out:							
General Fund	\$ -	\$ 47,925	\$ 591,080	\$ 276,180	\$ 750,000	\$ 2,406	\$ 1,667,951
Capital Projects Fund	<u>415,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>415,972</u>
	<u>\$ 415,972</u>	<u>\$ 47,925</u>	<u>\$ 591,080</u>	<u>\$ 276,180</u>	<u>\$ 750,000</u>	<u>\$ 2,406</u>	<u>\$ 2,083,563</u>

As of June 30, 2019, interfund receivables and payables were as follows:

	Due From			Total
	General Fund	School Modernization Fund	Other Funds	
Due To:				
General Fund	\$ -	\$ 2,035	\$ 16,240	\$ 18,275
Capital Nonrecurring Fund	5,256	-	-	5,256
Capital Projects Fund	629,733	-	-	629,733
Other Funds	<u>26,429</u>	<u>-</u>	<u>-</u>	<u>26,429</u>
	<u>\$ 661,418</u>	<u>\$ 2,035</u>	<u>\$ 16,240</u>	<u>\$ 679,693</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, 2019 (continued)

Note 7 – Long-Term Obligations

Changes In Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2019, 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	\$ 9,645,843	\$ -	\$ 9,645,843	\$ -	\$ -
Bond anticipation notes	-	7,279,446	-	7,279,446	7,279,446
General obligation bonds	-	24,340,000	10,541,232	13,798,768	380,228
Capital lease obligations	137,176	300,638	108,400	329,414	101,648
Compensated absences	263,124	-	11,515	251,609	-
Post-closure landfill costs	42,000	-	6,000	36,000	6,000
Net OPEB liability	<u>4,213,666</u>	<u>-</u>	<u>1,463,341</u>	<u>2,750,325</u>	<u>-</u>
	<u>\$ 14,301,809</u>	<u>\$ 31,920,084</u>	<u>\$ 21,776,331</u>	<u>\$ 24,445,562</u>	<u>\$ 7,767,322</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, 2019, the Town was indebted under the following bond anticipation notes:

	<u>Issue</u>	<u>Date</u>	<u>Rate (%)</u>	<u>Issue</u>	<u>June 30, 2019</u>
School Modernization Project	11/20/2018	11/19/2019	2.75%	\$ 10,000,000	\$ 7,279,446

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, 2019</u>
General obligation bonds:					
School modernization project	11/18	11/48	2.75%	\$ 9,000,000	\$ 9,000,000
Emergency services complex	7/18	11/38	2.75%	<u>4,798,768</u>	<u>4,798,768</u>
Total general obligation bonds				<u>\$ 13,798,768</u>	<u>\$ 13,798,768</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (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>
2020	\$ 380,228	\$ 379,466
2021	390,684	369,010
2022	401,428	358,266
2023	412,467	347,227
2024	423,811	335,883
2025-2029	2,300,415	1,498,055
2030-2034	2,634,604	1,163,865
2035-2039	3,016,280	781,126
2040-2044	1,790,517	432,034
2045-2049	<u>2,048,334</u>	<u>171,921</u>
Total	<u>\$ 13,798,768</u>	<u>\$ 5,836,853</u>

Subsequent to June 30, 2019, on October 25, 2019, the Town issued \$9,000,000 of general obligation bonds and paid off the bond anticipation notes of \$7,279,446 outstanding at June 30, 2019 plus bond anticipation note additional amounts issued subsequent to June 30, 2019. The general obligation bonds mature serially over 30 years and bear interest of 2.75%.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 197,010	\$ 247,500
2022	202,428	242,082
2023	207,995	236,515
2024	213,714	230,796
2025	219,592	224,918
2026-2030	1,191,929	1,030,621
2031-2035	1,365,085	857,464
2036-2040	1,563,396	659,154
2041-2045	1,790,517	432,034
2046-2050	<u>2,048,334</u>	<u>171,921</u>
Total	<u>\$ 9,000,000</u>	<u>\$ 4,333,005</u>

Capital Lease Obligations

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

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

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (continued)

Authorized and Unissued Debt

At June 30, 2019, there was \$15,803,260 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, 2019.

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)	\$ 131,196
Town Clerk document restoration	7,124
LOCIP capital improvements	29,130
Scholarships	<u>36,357</u>
	<u>\$ 203,807</u>

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (continued)

Fund Balances

As of June 30, 2019, governmental fund balances are composed of the following:

	General Fund	Capital Nonrecurring	Capital Projects Fund	Emergency Services Center	School Modernization Project	Other Funds	Total Governmental Funds
Nonspendable:							
Prepaid expenses	\$ 2,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,329
Inventory	-	-	-	-	-	7,729	7,729
	<u>2,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,729</u>	<u>10,058</u>
Restricted:							
Capital projects	-	36,254	131,196	-	-	-	167,450
Education	-	-	-	-	-	36,357	36,357
	<u>-</u>	<u>36,254</u>	<u>131,196</u>	<u>-</u>	<u>-</u>	<u>36,357</u>	<u>203,807</u>
Committed:							
Capital projects	-	186,069	498,537	237,206	460,881	-	1,382,693
Inland Wetland mitigation	-	-	-	-	-	13,287	13,287
General government	-	-	-	-	-	3,126	3,126
Open space	-	-	-	-	-	10,016	10,016
	<u>-</u>	<u>186,069</u>	<u>498,537</u>	<u>237,206</u>	<u>460,881</u>	<u>26,429</u>	<u>1,409,122</u>
Assigned:							
General government	-	-	-	-	-	2,000	2,000
Public safety	30,247	-	-	-	-	-	30,247
Education	198,962	-	-	-	-	98,904	297,866
	<u>229,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,904</u>	<u>330,113</u>
Unassigned	<u>3,239,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,676)</u>	<u>3,232,839</u>
	<u>\$ 3,471,053</u>	<u>\$ 222,323</u>	<u>\$ 629,733</u>	<u>\$ 237,206</u>	<u>\$ 460,881</u>	<u>\$ 164,743</u>	<u>\$ 5,185,939</u>

Note 9 – Deficit Fund Balance

The Education Grants fund has a deficit fund balance of \$6,676 and is expected to be funded by the General Fund and intergovernmental grants.

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, 2019, 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, 2019, the Town contributed \$52,096 to the plans.

Plan #2119

Eligibility in the plan is limited to secretaries, custodians, and the cafeteria administrator all of whom must have completed one-half year of service and have attained the age of twenty and one-half. Participants may contribute voluntarily to the plan. The Town annually contributes an amount equal to 10% of each participant's compensation. Participants are fully vested immediately upon participation in the plan.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (continued)

Plan #30027

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

General Government Pension Plan

Eligibility in the plan is limited to the Highway Foreman, First Selectman, First Selectman's Assistant, Town Clerk, Administration and Finance Officer, members of the United Steelworkers of America (USWA), and American Federation of State, County, and Municipal Employees (AFSCME). Participants may voluntarily contribute to the plan. The Town's funding policy for the year ended June 30, 2019 is as follows:

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

For the year ended June 30, 2019, the Town contributed \$110,346 to the plan all of which is allocated to the participants' individual retirement. The plan is administered by the Town. There were 24 participants in the plan.

Connecticut Teachers' Retirement System

Description of System

Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation. 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 Benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (continued)

Early Retirement: A member with 25 years of Credited Service, including at least 20 years of Connecticut public school service, or age 55 with 20 years of Credited Service including 15 years of Connecticut service. The early retirement factors currently in effect are 6% per year for the first five years by which early retirement precedes the minimum normal retirement age and 4% per year for the next five years by which early retirement precedes the minimum normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% for each year by which early retirement precedes the minimum retirement age.

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

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

Contribution Requirements

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

Participants are required to contribute 7.00% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2018/2019 school year, \$455,712 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 \$6,511,600. The Town had 87 active participants in the System at June 30, 2019.

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following key actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age
Amortization method	Level percent of pay, closed
Asset valuation method	4-year smoothed market
Inflation	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 Percent

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

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.00 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 pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Sensitivity of the system's proportionate share of the net pension liability related to the Town	\$ 25,609,297	\$ 20,263,436	\$ 15,742,601

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (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 \$20,263,436 and 100% of the collective net pension liability is allocated to the State.

June 30, 2018, is the actuarial valuation date upon which the total pension liability is based. 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, 2019, the Town recognized \$2,274,213 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Note 11 – Risk Management

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

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

Note 12 – Contingent Liabilities and Commitments

Grants

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

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, 2019, the following employees were covered by the benefit terms:

Retired members/beneficiaries receiving benefits	3
Active members	<u>100</u>
	<u>103</u>

Schedule of Funding Progress

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

Total OPEB Liability

The Town's total OPEB liability was \$2,750,325 as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018 with a measurement date of June 30, 2018.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal, level percent of salary
Salary increases	3.0 %
Discount rate	3.87% as of June 30, 2019 and 3.13% as of June 30, 2018, which is based on the 20-bond GO Index
Healthcare cost trend rates	7.50% percent for 2019, reduced by 0.15% per year, 4.5% ultimate rate
Mortality rates	Based on the RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Mortality Tables projected generationally with Scale MP-2018

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 6/30/2018	<u>\$ 4,213,666</u>
Changes for the year:	
Service cost	135,814
Interest	135,127
Changes of benefit terms	-
Differences between expected and actual experience	(1,880,846)
Changes in assumptions or other inputs	(211,222)
Benefit payments (net)	<u>(64,658)</u>
Net changes	<u>(1,463,341)</u>
Balance at 6/30/2019	<u>\$ 2,750,325</u>

The following changes of assumptions were effective July 1, 2018:

- The discount rate was increased from 3.13% to 3.87%.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (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 (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	<u>1% Decrease</u> <u>(2.87%)</u>	<u>Discount rate</u> <u>(3.87%)</u>	<u>1% Increase</u> <u>(4.87%)</u>
Total OPEB liability	\$ 3,194,496	\$ 2,750,325	\$ 2,381,146

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	\$ 2,325,076	\$ 2,750,325	\$ 3,274,637

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$21,642. At June 30, 2019, 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	\$ -	\$ 1,645,740
Changes in assumptions	<u>184,819</u>	<u>463,204</u>
	<u>\$ 184,819</u>	<u>\$ 2,108,944</u>

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

Year ended June 30,	
2020	\$ (249,299)
2021	(249,299)
2022	(249,299)
2023	(249,299)
2024	(249,299)
Thereafter	(677,630)

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

Description of the Plan

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

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

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

Eligibility

Teachers and Administrators (Certified) – A Teacher or Administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse.

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

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

Benefit Provisions

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree’s share of the cost of coverage, any remaining portion is used to offset the district’s cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (continued)

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

Contributions

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 2018/2019 school year, \$81,495 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 \$6,511,600. The Town had 87 active participants in the Connecticut State Teachers' OPEB at June 30, 2019.

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

Actuarial Assumptions and Other Inputs

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

Actuarial Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Reporting Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, level percent of salary
Salary increases	3.25% to 6.50%
Inflation rate	2.75%
Discount rate	3.87% as of June 30, 2018, which is based on the 20-bond Municipal Index rate
Healthcare cost trend rates	7.25% for 2018 decreasing to an ultimate rate of 5.00% by 2022
Mortality rates	Based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale

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

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (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 3.87 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 plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Discount rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Sensitivity of the plan's proportionate share of the net OPEB liability related to the Town	\$ 4,810,034	\$ 4,050,808	\$ 3,444,880

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Sensitivity of the plan's proportionate share of the net OPEB liability related to the Town	\$ 3,394,701	\$ 4,050,808	\$ 4,921,740

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 \$4,050,808 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, 2019, the Town recognized a negative \$1,345,676 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Note 15 – Adoption of New Accounting Standard

Effective July 1, 2018, the Town adopted the provisions of GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The adoption of this statement requires the Town to redefine certain funds that were previously reported as fiduciary funds. The effect of this change is to restate the Town's Net Position at June 30, 2018, which increases the Net Position by \$23,302 at June 30, 2018, in the government-wide financial statements and the Fund Balance of the General Fund by \$23,302 at June 30, 2018.

Effective July 1, 2018, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, Certain Asset Retirement Obligations. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the statement. The adoption of this statement did not have an effect on the Town's financial statements.

Effective July 1, 2018, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related

Town of North Stonington, Connecticut
Notes to Financial Statements
June 30, 2019 (continued)

consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The adoption of this statement did not have an effect on the Town's financial statements.

Note 16 – Recently Issued Accounting Standards Not Yet Adopted

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town has not yet determined the impact that this statement might have on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of the capital asset. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town does not expect the impact of this statement will be material to its financial statements.

Note 17 – Subsequent Events

Subsequent to June 30, 2019, on October 25, 2019, the Town issued \$9,000,000 of general obligation bonds and paid off the bond anticipation notes of \$7,279,446, which were outstanding at June 30, 2019 plus bond anticipation note additional amounts issued subsequent to June 30, 2019. The general obligation bonds mature serially over 30 years and bear interest of 2.75%.

**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>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%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<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>
Total	<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>\$ 6,511,600</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>
System fiduciary net position as a percentage of the total pension liability	<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	20.4 years
Asset valuation method	4-year smoothed market
Inflation	2.75 percent
Salary increase	3.25-6.50 percent, including inflation
Investment rate of return	8.00 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**

	2019	2018
Total OPEB Liability		
Service costs	\$ 135,814	\$ 149,172
Interest	135,127	121,605
Change in benefit terms	-	-
Difference between expected and actual experience	(1,880,846)	-
Change in assumptions	211,222	(544,396)
Benefit payments, including refunds of contributions	(64,658)	-
Net change in total OPEB liability	(1,463,341)	(273,619)
Total OPEB liability, beginning	4,213,666	4,487,285
Total OPEB liability, ending (a)	<u><u>\$ 2,750,325</u></u>	<u><u>\$ 4,213,666</u></u>
Plan Fiduciary Net Position		
Contributions - employer	\$ -	\$ -
Contributions - members	64,658	64,495
Net investment income	-	-
Benefit payments (based on expected)	(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><u>\$ 2,750,325</u></u>	<u><u>\$ 4,213,666</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered-employee payroll	N/A	N/A
Net OPEB liability as a percentage of covered payroll	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>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	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>4,050,808</u>	<u>5,410,937</u>
Total	<u>\$ 4,050,808</u>	<u>\$ 5,410,937</u>
Town's covered-employee payroll	<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>
System fiduciary net position as a percentage of the total OPEB liability	<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, 2019**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Revenues:					
Property taxes, interest and lien fees:					
General property taxes - current	\$ 14,644,870	\$ -	\$ 14,644,870	\$ 14,565,154	\$ (79,716)
General property taxes - past	100,000	-	100,000	137,840	37,840
Supplemental motor vehicles	125,000	-	125,000	150,123	25,123
Interest and lien fees	100,000	-	100,000	92,189	(7,811)
	14,969,870	-	14,969,870	14,945,306	(24,564)
Interest and investment earnings	4,200	-	4,200	4,361	161
Intergovernmental:					
Education cost sharing	2,708,664	-	2,708,664	2,708,663	(1)
Casino revenue	880,690	-	880,690	880,690	-
State aid for town road	240,195	-	240,195	240,483	288
Local and vocational transportation	1	-	1	-	(1)
Local capital improvement program	57,351	-	57,351	88,113	30,762
Police reimbursement	50,003	-	50,003	35,046	(14,957)
Telecommunications revenue share	11,494	-	11,494	9,615	(1,879)
PILOT program reimbursement	12,148	-	12,148	12,148	-
Regional adult education	9,502	-	9,502	11,144	1,642
Veterans exemption reimbursement	6,000	-	6,000	7,242	1,242
Records preservation	4,500	-	4,500	4,500	-
Non-public nurse reimbursement	4,345	-	4,345	4,435	90
Disabled exemption reimbursement	500	-	500	649	149
STEAP	2	-	2	-	(2)
Emergency management	3,000	-	3,000	-	(3,000)
Boombridge road	114,920	-	114,920	50,724	(64,196)
Other	2	-	2	-	(2)
	4,103,317	-	4,103,317	4,053,452	(49,865)
Licenses, fees, fines and charges:					
Licenses, permits, conveyance taxes	102,000	-	102,000	107,590	5,590
Recreation Commission	53,500	-	53,500	47,588	(5,912)
Building official	80,000	-	80,000	52,421	(27,579)
Town Clerk LOCIP	1	-	1	-	(1)
Town Clerk restoration fees	1	-	1	-	(1)
Sanitation	1	-	1	-	(1)
	235,503	-	235,503	207,599	(27,904)

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, 2019**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Other:					
Contractor's tipping fees	\$ 117,800	\$ -	\$ 117,800	\$ 150,757	\$ 32,957
Transfer stickers	1	-	1	-	(1)
Rent Town Property	43,679	-	43,679	33,682	(9,997)
Sale of town vehicles	10,000	-	10,000	1,759	(8,241)
Sanitary landfill - sale of recyclables	12,000	-	12,000	14,618	2,618
SCRRRA subsidy	11,000	-	11,000	13,556	2,556
Miscellaneous	12,000	-	12,000	18,369	6,369
Zoning Enforcement Officer	5,200	-	5,200	8,714	3,514
Planning and Zoning	1,000	-	1,000	2,313	1,313
Inland Wetlands	1,000	-	1,000	784	(216)
Assessor's Office	350	-	350	286	(64)
GIS services	1	-	1	35	34
Conservation Commission	-	-	-	1,030	1,030
Canine account	2,200	-	2,200	1,789	(411)
Fire Marshall	1	-	1	60	59
Resident trooper ticket revenue	5,800	-	5,800	9,185	3,385
Sale of fixed assets	50,000	-	50,000	57,078	7,078
Transfer in deobligated capital projects	415,070	-	415,070	415,972	902
CIRMA credits	5,000	-	5,000	11,030	6,030
	692,102	-	692,102	741,017	48,915
Total revenues	\$ 20,004,992	\$ -	\$ 20,004,992	\$ 19,951,735	\$ (53,257)

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
General Government:					
Salaries:					
First Selectman	\$ 64,948	\$ -	\$ 64,948	\$ 64,948	\$ -
Second Selectman	2,703	-	2,703	2,703	-
Third Selectman	2,703	-	2,703	2,703	-
Secretary	57,978	-	57,978	57,978	-
Bookkeeper	52,146	-	52,146	52,146	-
Selectmen's expenditures	5,000	-	5,000	4,677	323
Office expenditures	3,000	-	3,000	1,673	1,327
Council of Small Towns	825	-	825	825	-
Certifications/seminars	6,250	-	6,250	1,440	4,810
SE CT Council of Governments	2,913	-	2,913	2,913	-
Admin and finance officer	65,000	-	65,000	65,000	-
	<u>263,466</u>	<u>-</u>	<u>263,466</u>	<u>257,006</u>	<u>6,460</u>
Probate Court	<u>2,767</u>	<u>-</u>	<u>2,767</u>	<u>2,782</u>	<u>(15)</u>
Board of Finance:					
Operating expenditures	500	-	500	-	500
Auditing	19,450	425	19,875	20,375	(500)
	<u>19,950</u>	<u>425</u>	<u>20,375</u>	<u>20,375</u>	<u>-</u>
Assessor's Office:					
Salaries:					
Assessor	70,632	-	70,632	70,632	-
Assessor assistant	48,360	-	48,360	48,360	-
Office expenditures	2,450	-	2,450	1,133	1,317
Seminars	435	-	435	-	435
Computer	11,395	-	11,395	11,265	130
Travel expenditures	300	-	300	68	232
Memberships	125	-	125	70	55
	<u>133,697</u>	<u>-</u>	<u>133,697</u>	<u>131,528</u>	<u>2,169</u>
Board of Assessment Appeals	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>665</u>	<u>335</u>
Tax Collector:					
Salaries:					
Tax Collector	44,942	-	44,942	39,223	5,719
Clerical	-	-	-	-	-
Office expenditures	9,000	-	9,000	5,398	3,602
Computer	9,324	-	9,324	9,540	(216)
Mil rate adjustment costs	-	-	-	-	-
Travel expenditures	150	-	150	949	(799)
	<u>63,416</u>	<u>-</u>	<u>63,416</u>	<u>55,110</u>	<u>8,306</u>
Town Treasurer:					
Salary	7,344	-	7,344	7,344	-
	<u>7,344</u>	<u>-</u>	<u>7,344</u>	<u>7,344</u>	<u>-</u>
Town Attorney	<u>20,000</u>	<u>10,471</u>	<u>30,471</u>	<u>30,471</u>	<u>-</u>
Annexation Related:					
Tribal recognition	25,000	(10,471)	14,529	12,649	1,880
	<u>25,000</u>	<u>(10,471)</u>	<u>14,529</u>	<u>12,649</u>	<u>1,880</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, 2019

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Town Clerk:					
Salaries:					
Town Clerk	\$ 48,287	\$ -	\$ 48,287	\$ 48,287	\$ -
Assistant	3,000	-	3,000	3,000	-
Office expenditures	3,500	1,913	5,413	5,408	5
Records restoration grant	4,500	-	4,500	4,500	-
Land records	8,687	350	9,037	9,012	25
	<u>67,974</u>	<u>2,263</u>	<u>70,237</u>	<u>70,207</u>	<u>30</u>
Planning and Zoning Commission:					
Salaries:					
Zoning Officer	73,440	-	73,440	73,440	-
Assistant	42,120	-	42,120	40,115	2,005
Operating expenditures	7,000	-	7,000	5,540	1,460
Travel expenditures	500	-	500	421	79
Attorney	10,000	-	10,000	10,000	-
Contracted consulting services	5,000	-	5,000	4,500	500
Contracted planner	1	-	1	-	1
	<u>138,061</u>	<u>-</u>	<u>138,061</u>	<u>134,016</u>	<u>4,045</u>
Building Department:					
Salaries:					
Building Official	37,128	-	37,128	28,416	8,712
Clerical stipends	2,500	-	2,500	2,500	-
Operating expenditures	3,500	-	3,500	2,313	1,187
Travel expenditures	200	-	200	40	160
	<u>43,328</u>	<u>-</u>	<u>43,328</u>	<u>33,269</u>	<u>10,059</u>
Zoning Board of Appeals	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Affordable housing committee	<u>700</u>	<u>-</u>	<u>700</u>	<u>546</u>	<u>154</u>
School Building and Planning Committee:					
Permanent School Building Committee	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Economic Development Commission:					
Operating expenditures	15,000	-	15,000	6,900	8,100
CT Regional Economic Development	2,154	-	2,154	2,154	-
Consulting	500	-	500	-	500
	<u>17,654</u>	<u>-</u>	<u>17,654</u>	<u>9,054</u>	<u>8,600</u>
Recreation Commission:					
Salaries:					
Administrative	24,830	-	24,830	24,830	-
Camp Directors, etc.	13,946	-	13,946	13,741	205
Program expenditures	50,103	-	50,103	49,924	179
Maintenance	3,700	-	3,700	3,702	(2)
Old fire station expenses	11,000	-	11,000	11,155	(155)
Administrative expenditures	13,665	-	13,665	11,228	2,437
	<u>117,244</u>	<u>-</u>	<u>117,244</u>	<u>114,580</u>	<u>2,664</u>
Inland Wetlands Commission:					
Operating expenditures	750	-	750	249	501
Wages - Enforcement Officer	7,457	-	7,457	7,457	-
	<u>8,207</u>	<u>-</u>	<u>8,207</u>	<u>7,706</u>	<u>501</u>
Conservation Commission	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>1,627</u>	<u>373</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, 2019**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Water Pollution Control Authority:					
WPCA expenditures	\$ 7,000	\$ -	\$ 7,000	\$ 2,943	\$ 4,057
	7,000	-	7,000	2,943	4,057
Fixed Charges:					
Town insurance	78,175	16,345	94,520	94,770	(250)
Volunteer fire co. insurance	1	-	1	2,287	(2,286)
Ambulance association insurance	1	-	1	-	1
Workers compensation insurance	20,640	-	20,640	20,640	-
Social security	128,476	-	128,476	114,977	13,499
Medical insurance	494,902	(16,345)	478,557	412,055	66,502
Employee benefits - pension	128,828	-	128,828	121,304	7,524
Volunteer incentive award - fire	33,000	-	33,000	33,000	-
Volunteer activity stipend - fire	52,000	-	52,000	52,000	-
Volunteer incentive ambulance	7,500	-	7,500	5,890	1,610
	943,523	-	943,523	856,923	86,600
Elections and Town Meetings:					
Salaries:					
Registrar of Voters	6,400	-	6,400	6,400	-
Registrar of Voters	6,400	-	6,400	6,400	-
Expenses	18,000	-	18,000	13,241	4,759
	30,800	-	30,800	26,041	4,759
Town Hall:					
Expenditures	44,600	-	44,600	42,670	1,930
Leasing equipment	9,200	-	9,200	9,550	(350)
Communication commission	6,000	-	6,000	4,315	1,685
Holly Green rental - nursing	5,840	(909)	4,931	2,643	2,288
Quarterly newsletter	4,400	-	4,400	4,166	234
	70,040	(909)	69,131	63,344	5,787
Social Services/Welfare:					
Welfare	2,000	-	2,000	-	2,000
New London Hospitality Center	2,000	-	2,000	2,000	-
Pawcatuck Neighborhood Center	25,000	-	25,000	25,000	-
Family services	1,000	-	1,000	-	1,000
American Red Cross	-	-	-	-	-
Women's Center	2,500	-	2,500	2,500	-
Frank Olean Regional Center	2,000	-	2,000	2,000	-
NL County ARC	1,575	-	1,575	1,575	-
TVCCA	1,500	-	1,500	1,500	-
Mystic Shelter	2,000	-	2,000	2,000	-
Sex assault crisis center	500	-	500	-	500
	40,075	-	40,075	36,575	3,500
Selectmen's Engineering Service:					
Engineering for selectmen	2,500	-	2,500	-	2,500
Inspection of existing roads	-	-	-	-	-
	2,500	-	2,500	-	2,500

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Information Technology:					
Coordinator	\$ 49,405	\$ -	\$ 49,405	\$ 49,722	\$ (317)
Office expense	300	-	300	220	80
Open government	17,500	(3,308)	14,192	13,300	892
Digitized maintenance	11,325	-	11,325	11,165	160
Computer maintenance	15,085	-	15,085	14,982	103
	<u>93,615</u>	<u>(3,308)</u>	<u>90,307</u>	<u>89,389</u>	<u>918</u>
Public Safety:					
911 dispatching	52,819	-	52,819	52,819	-
Volunteer fire company	129,413	-	129,413	129,413	-
Fire Marshal	12,859	-	12,859	12,859	-
Fire Marshal operating expenditures	1,800	-	1,800	1,233	567
State troopers	437,232	-	437,232	358,037	79,195
State trooper DUI grant	50,000	-	50,000	37,416	12,584
Civil preparedness agency stipend	6,630	-	6,630	6,630	-
Civil preparedness expenditures	3,000	-	3,000	2,745	255
Emergency generator service contract	1,650	-	1,650	1,297	353
Animal control salary	21,950	-	21,950	21,950	-
Animal control training	1,000	-	1,000	-	1,000
Animal control operating expenditures	6,500	-	6,500	4,818	1,682
Center for Emergency Services	81,818	-	81,818	56,616	25,202
Ambulance association	248,700	-	248,700	248,700	-
	<u>1,055,371</u>	<u>-</u>	<u>1,055,371</u>	<u>934,533</u>	<u>120,838</u>
Public Works:					
Highway:					
Local capital improvements	56,072	-	56,072	56,072	-
State aided - town roads	240,036	-	240,036	239,684	352
Town road maintenance	175,000	-	175,000	177,917	(2,917)
Town garage expenditures	22,500	-	22,500	18,073	4,427
Machinery and maintenance repairs	68,000	-	68,000	67,094	906
Street lights	12,000	-	12,000	8,184	3,816
Highway foreman	75,550	-	75,550	75,550	-
Labor	563,362	-	563,362	517,903	45,459
Supplies	36,000	-	36,000	29,546	6,454
Diesel and gas	52,250	-	52,250	47,691	4,559
Town property - maintenance	7,500	-	7,500	7,222	278
Town property - labor	32,381	(8,030)	24,351	17,794	6,557
Tree warden	1,500	1,250	2,750	2,750	-
Hewitt farm property	5,000	-	5,000	5,011	(11)
Tree maintenance	18,000	-	18,000	17,324	676
Contracted services	18,000	-	18,000	12,769	5,231
	<u>1,383,151</u>	<u>(6,780)</u>	<u>1,376,371</u>	<u>1,300,584</u>	<u>75,787</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, 2019

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Sanitary Landfill:					
Labor	\$ 124,949	\$ 6,780	\$ 131,729	\$ 126,005	\$ 5,724
State mandated surveys	3,500	-	3,500	-	3,500
State license fees	3,200	-	3,200	2,275	925
SCRRA - tipping fees	172,500	-	172,500	229,697	(57,197)
SCRRA - membership fee	500	-	500	-	500
Hazardous waste collection	1,500	-	1,500	-	1,500
Water sampling /lab testing	16,128	-	16,128	18,790	(2,662)
Transfer station expenditures	11,200	-	11,200	7,070	4,130
Contractual services	22,000	-	22,000	15,215	6,785
	355,477	6,780	362,257	399,052	(36,795)
Total public works	1,738,628	-	1,738,628	1,699,636	38,992
Conservation of Health:					
Public Health Nursing/VNA	1,836	-	1,836	1,332	504
Director of Health	1	-	1	-	1
Sanitarian food service wages	1	-	1	-	1
Sanitarian well and septic salary	1	-	1	-	1
Health district	38,847	-	38,847	38,847	-
	40,686	-	40,686	40,179	507
Senior Citizens:					
Agent for the Elderly wages	12,864	-	12,864	12,864	-
Agent for the Elderly operating expenditures	400	-	400	115	285
Senior Citizens Center Coordinator	22,816	-	22,816	22,816	-
Senior Citizens Center - operating expenditures	25,500	-	25,500	25,431	69
	61,580	-	61,580	61,226	354
Miscellaneous:					
Cemeteries	4,500	-	4,500	4,500	-
Tax refunds	1	1,529	1,530	1,530	-
Annual memberships and dues	3,500	-	3,500	3,320	180
Lake Association weed control	15,000	-	15,000	15,000	-
Wheeler Library	30,000	-	30,000	30,000	-
Miscellaneous	750	-	750	274	476
	53,751	1,529	55,280	54,624	656
Total general government expenditures	5,070,379	-	5,070,379	4,755,348	315,031

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, 2019**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Redemption of Debt:					
School Modernization BAN	\$ 750,000	\$ -	\$ 750,000	\$ 750,000	\$ -
ESC BAN principal	276,180	-	276,180	276,180	-
	1,026,180	-	1,026,180	1,026,180	-
Education	13,514,959	-	13,514,959	13,508,608	6,351
Capital Outlay:					
Public Works:					
Dump truck refurbish	10,000	-	10,000	10,000	-
Miscellaneous equipment	5,000	-	5,000	5,000	-
Sweeper	1	-	1	-	1
218 Ford F250	35,785	-	35,785	35,785	-
	50,786	-	50,786	50,785	1
Transfer station/bulk waste area:					
Transfer station/bulky waste area	5,000	-	5,000	5,000	-
Transfer Station/Bulk Waste Area	5,000	-	5,000	5,000	-
Selectmen:					
Ambulance equipment	12,990	-	12,990	12,990	-
Computer - Town Hall	13,500	-	13,500	13,500	-
Boombridge	-	316,000	316,000	316,000	-
Recreation pavilion & fields	2,500	-	2,500	2,500	-
Open space acquisition	10,000	-	10,000	10,000	-
Selectmen's office equipment and furniture	1,500	-	1,500	1,500	-
Town buildings maintenance	20,000	-	20,000	20,000	-
Town clerk - records preservation	4,500	-	4,500	4,500	-
Fire company - equipment/hose	4,500	-	4,500	4,500	-
Fire company - auto	-	-	-	-	-
Fire company - turnout gear	13,750	-	13,750	13,750	-
Building Dept inspection vehicle	18,000	-	18,000	18,000	-
Wheeler Library survey	10,000	-	10,000	10,000	-
Civil preparedness	1,000	-	1,000	1,000	-
Other	7	-	7	-	7
Fire company breathing apparatus	48,795	-	48,795	48,795	-
NSAA Ambulance lease	67,760	-	67,760	67,760	-
Fire company - other	3	-	3	-	3
Transfer in from other funds		(316,000)	(316,000)	-	(316,000)
	228,805	-	228,805	544,795	(315,990)
Assessor Revaluation Expense	35,000	-	35,000	35,000	-
ESC capital	1	-	1	-	1
Total capital outlay	319,592	-	319,592	635,580	(315,988)
Total expenditures	\$ 19,931,110	\$ -	\$ 19,931,110	\$ 19,925,716	\$ 5,394

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	School Lunch Fund	Education Grants	Inland Wetland Mitigation	Open Space	C-PACE	Scholarships Held by School	Recreation Gift Fund	Total
<u>Assets</u>								
Cash and cash equivalents	\$ 94,069	\$ -	\$ -	\$ -	\$ 2,000	\$ 36,357	\$ -	\$ 132,426
Receivables	25,509	22,253	-	-	-	-	-	47,762
Inventory	7,729	-	-	-	-	-	-	7,729
Due from other funds	-	-	13,287	10,016	-	-	3,126	26,429
Total assets	\$ 127,307	\$ 22,253	\$ 13,287	\$ 10,016	\$ 2,000	\$ 36,357	\$ 3,126	\$ 214,346
<u>Liabilities and Fund Balances (Deficits)</u>								
Liabilities:								
Due to other funds	\$ -	\$ 16,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,240
Accrued expenses	20,674	4,303	-	-	-	-	-	24,977
Deferred grant revenue	-	8,386	-	-	-	-	-	8,386
Total liabilities	20,674	28,929	-	-	-	-	-	49,603
Fund Balances (Deficits):								
Nonspendable	7,729	-	-	-	-	-	-	7,729
Restricted	-	-	-	-	-	36,357	-	36,357
Committed	-	-	13,287	10,016	-	-	3,126	26,429
Assigned	98,904	-	-	-	2,000	-	-	100,904
Unassigned	-	(6,676)	-	-	-	-	-	(6,676)
Total fund balances (deficits)	106,633	(6,676)	13,287	10,016	2,000	36,357	3,126	164,743
Total liabilities and fund balances (deficits)	\$ 127,307	\$ 22,253	\$ 13,287	\$ 10,016	\$ 2,000	\$ 36,357	\$ 3,126	\$ 214,346

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, 2019**

	School Lunch Fund	Education Grants	Inland Wetland Mitigation	Open Space	C-PACE	Scholarships Held by School	Recreation Gift Fund	Total
Revenues:								
Intergovernmental	\$ 71,580	\$ 268,074	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 339,654
Local	175,767	-	13	9	31,057	4,000	-	210,846
Total revenues	<u>247,347</u>	<u>268,074</u>	<u>13</u>	<u>9</u>	<u>31,057</u>	<u>4,000</u>	<u>-</u>	<u>550,500</u>
Expenditures:								
Current:								
General government	-	-	-	-	30,557	-	-	30,557
Education	226,711	269,180	-	-	-	5,310	-	501,201
Total expenditures	<u>226,711</u>	<u>269,180</u>	<u>-</u>	<u>-</u>	<u>30,557</u>	<u>5,310</u>	<u>-</u>	<u>531,758</u>
Excess of revenues over (under) expenditures	<u>20,636</u>	<u>(1,106)</u>	<u>13</u>	<u>9</u>	<u>500</u>	<u>(1,310)</u>	<u>-</u>	<u>18,742</u>
Other Financing Sources (Uses):								
Transfers in (out)	-	-	-	-	-	-	2,406	2,406
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,406</u>	<u>2,406</u>
Net change in fund balances (deficits)	<u>20,636</u>	<u>(1,106)</u>	<u>13</u>	<u>9</u>	<u>500</u>	<u>(1,310)</u>	<u>2,406</u>	<u>21,148</u>
Fund balances (deficits), beginning of year	<u>85,997</u>	<u>(5,570)</u>	<u>13,274</u>	<u>10,007</u>	<u>1,500</u>	<u>37,667</u>	<u>720</u>	<u>143,595</u>
Fund balances (deficits), end of year	<u>\$ 106,633</u>	<u>\$ (6,676)</u>	<u>\$ 13,287</u>	<u>\$ 10,016</u>	<u>\$ 2,000</u>	<u>\$ 36,357</u>	<u>\$ 3,126</u>	<u>\$ 164,743</u>

TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

	General Government Retirement	Board of Education Retirement	Total
<u>Assets</u>			
Investments	\$ 2,194,356	\$ 1,220,551	\$ 3,414,907
Other receivables	92,856	-	92,856
Total assets	<u>\$ 2,287,212</u>	<u>\$ 1,220,551</u>	<u>\$ 3,507,763</u>
<u>Fund Balances</u>			
Fund Balances:			
Held in trust for pension benefits and other purposes	<u>\$ 2,287,212</u>	<u>\$ 1,220,551</u>	<u>\$ 3,507,763</u>
Total fund balances	<u>\$ 2,287,212</u>	<u>\$ 1,220,551</u>	<u>\$ 3,507,763</u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

	General Government Retirement	Board of Education Retirement	Total
<u>Additions:</u>			
Employer contributions	\$ 110,346	\$ 52,096	\$ 162,442
Investment earnings	96,799	22,084	118,883
Total additions	<u>207,145</u>	<u>74,180</u>	<u>281,325</u>
<u>Deductions:</u>			
Distributions	28,141	15,000	43,141
Administrative expenses	31	-	31
Total deductions	<u>28,172</u>	<u>15,000</u>	<u>43,172</u>
Net increase (decrease)	178,973	59,180	238,153
Fund balances, beginning of year	<u>2,108,239</u>	<u>1,161,371</u>	<u>3,269,610</u>
Fund balances, end of year	<u><u>\$ 2,287,212</u></u>	<u><u>\$ 1,220,551</u></u>	<u><u>\$ 3,507,763</u></u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS
OTHER FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2019**

	Student Activity Fund	Performance Bonds	Total
<u>Assets</u>			
Beginning balance - cash	\$ 99,748	\$ 132,217	\$ 203,045
Additions	198,309	-	198,309
Deductions	212,803	132,217	345,020
Ending balance - cash	<u>85,254</u>	<u>-</u>	<u>56,334</u>
 Total assets	 <u><u>\$ 85,254</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 56,334</u></u>
 <u>Liabilities</u>			
Beginning balance - due to student groups	\$ 99,748	\$ -	\$ 72,937
Additions	198,309	-	198,309
Deductions	212,803	-	212,803
Ending balance - due to student groups	<u>85,254</u>	<u>-</u>	<u>58,443</u>
 Beginning balance - due to developers	-	109,691	106,855
Additions	-	-	-
Deductions	-	109,691	109,691
Ending balance - due to developers	<u>-</u>	<u>-</u>	<u>(2,836)</u>
 Beginning balance - due to other funds	-	22,526	23,253
Additions	-	-	-
Deductions	-	22,526	22,526
Ending balance - due to other funds	<u>-</u>	<u>-</u>	<u>727</u>
 Total liabilities	 <u><u>\$ 85,254</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 56,334</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, 2019**

	Beginning Balance	General Fund Budget	Additional Transfers	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
Restricted fund balance								
Town Clerk document restoration	\$ 5,247	\$ 1,877	\$ -	\$ -	\$ -	\$ 7,124	\$ -	\$ 7,124
LOCIP capital improvements	27,582	1,548	-	-	-	29,130	-	29,130
Total restricted	<u>32,829</u>	<u>3,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,254</u>	<u>-</u>	<u>36,254</u>
Committed fund balance								
Revaluation	130,538	35,000	-	-	-	165,538	-	165,538
Town equipment	5,000	5,000	-	-	-	10,000	-	10,000
Nonrecurring school funds	-	-	-	-	-	-	-	-
Transfer station improvements	5,000	-	-	-	-	5,000	-	5,000
Town Clerk preservation	1,031	4,500	-	-	-	5,531	-	5,531
Total committed	<u>141,569</u>	<u>44,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,069</u>	<u>-</u>	<u>186,069</u>
Total	<u>\$ 174,398</u>	<u>\$ 47,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,323</u>	<u>\$ -</u>	<u>\$ 222,323</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, 2019**

	Beginning Balance	General Fund Budget	Transfers to General Fund	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
Restricted fund balance								
Water study 1-95 (STEAP)	\$ 36,679	\$ -	\$ (36,679)	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer study (STEAP)	142,336	-	-	-	-	142,336	11,140	131,196
Village water line (STEAP)	16,899	-	(16,899)	-	-	-	-	-
Total restricted	<u>195,914</u>	<u>-</u>	<u>(53,578)</u>	<u>-</u>	<u>-</u>	<u>142,336</u>	<u>11,140</u>	<u>131,196</u>
Committed fund balance								
Boombridge	71,592	316,000	-	-	-	387,592	39,067	348,525
Ambulance Association equipment	46,627	12,990	(45,607)	-	-	14,010	11,878	2,132
Town Hall computer	1,256	13,500	-	-	-	14,756	14,133	623
Transfer Station improvements	-	5,000	-	-	-	5,000	4,253	747
Dump truck refurbishments	-	10,000	-	3,304	-	13,304	5,641	7,663
Building Department vehicle	-	18,000	-	-	-	18,000	17,885	115
Selectmen furniture	-	1,500	-	-	-	1,500	1,500	-
CAT 963 bottom refurbish	1,150	-	-	-	-	1,150	-	1,150
Salt & sand building roof	63,987	-	-	-	-	63,987	48,670	15,317
Town boiler	22,000	-	-	-	-	22,000	14,602	7,398
Wheeler Library survey	-	10,000	-	-	-	10,000	10,000	-
Land acquisition	60,000	10,000	-	-	-	70,000	-	70,000
Town building repair	35	20,000	-	-	-	20,035	10,569	9,466
Civil preparedness	1,000	1,000	(1,000)	-	-	1,000	1,000	-
Narrow band radio upgrade	101,295	-	(101,437)	-	-	(142)	(142)	-
Recreation pavilion & fields	1,931	2,500	-	-	-	4,431	1,240	3,191
Town buildings - abate and demolish	93,244	-	-	-	-	93,244	64,436	28,808
Farm house	450	-	-	-	-	450	450	-
NSAA ambulance	213,900	-	(213,900)	-	-	-	-	-
2018 Ford F150	-	35,785	-	-	-	35,785	35,785	-
Fire Department training, rescue, scuba gear, hose	-	18,250	-	-	-	18,250	18,250	-
Capital lease - breathing apparatus	-	48,795	-	-	-	48,795	48,795	-
Capital lease - Ambulance	-	67,760	-	-	-	67,760	64,685	3,075
Forestry truck	327	-	-	-	-	327	-	327
Bucket truck (used)	3,304	-	-	(3,304)	-	-	-	-
Total committed	<u>682,098</u>	<u>591,080</u>	<u>(361,944)</u>	<u>-</u>	<u>-</u>	<u>911,234</u>	<u>412,697</u>	<u>498,537</u>
Total	<u>\$ 878,012</u>	<u>\$ 591,080</u>	<u>\$ (415,522)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,053,570</u>	<u>\$ 423,837</u>	<u>\$ 629,733</u>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Salaries:					
Central office	\$ 682,576	\$ (3,903)	\$ 678,673	\$ 663,444	\$ 15,229
Administrators	401,476	-	401,476	401,671	(195)
Teachers	6,084,312	(65,471)	6,018,841	6,014,751	4,090
Guidance	131,385	-	131,385	129,994	1,391
Secretarial	172,396	-	172,396	167,669	4,727
Teacher assistants	336,990	3,298	340,288	335,818	4,470
Library/media	141,948	-	141,948	97,985	43,963
Custodial/grounds	412,002	-	412,002	413,342	(1,340)
Central office	127,227	-	127,227	164,582	(37,355)
Contracted services	65,000	32,885	97,885	93,831	4,054
Instructional supplies	134,790	-	134,790	199,428	(64,638)
Other expenses, schools	142,754	-	142,754	148,727	(5,973)
Supplies, health	3,500	-	3,500	4,037	(537)
Transportation	1,018,999	23,502	1,042,501	1,037,156	5,345
Heat	109,350	-	109,350	81,036	28,314
Utilities	191,682	-	191,682	170,251	21,431
Custodial supplies	55,004	-	55,004	64,337	(9,333)
Postage	3,500	-	3,500	2,978	522
Maintenance services	236,633	-	236,633	288,414	(51,781)
Lease of equipment	40,704	-	40,704	41,228	(524)
Replacement of equipment	51,866	-	51,866	72,113	(20,247)
Social security	212,018	-	212,018	212,934	(916)
Employee benefits	2,223,387	66,076	2,289,463	2,321,527	(32,064)
Employee retirement	73,806	-	73,806	78,560	(4,754)
Student activities	96,750	(23,502)	73,248	52,867	20,381
Equipment	4,500	-	4,500	679	3,821
Tuition	360,404	(32,885)	327,519	249,249	78,270
Total expenditures	\$ 13,514,959	\$ -	\$ 13,514,959	\$ 13,508,608	\$ 6,351

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, 2019**

Total tax collections including interest and
lien fees for the year ended June 30, 2018

\$ 15,301,954

Reimbursement for revenue loss on:

Tax Relief for Elderly (CGS 12-129d)

-

Base

\$ 15,301,954

	<u>General</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 34,429,397	\$	\$	\$	\$
4 1/2 times base		68,858,793			
3 3/4 times base			57,382,328		
3 1/4 times base				49,731,351	
3 times base					45,905,862
Total debt limitation	<u>34,429,397</u>	<u>68,858,793</u>	<u>57,382,328</u>	<u>49,731,351</u>	<u>45,905,862</u>
Indebtedness:					
Bond anticipation notes payable	4,798,768	16,279,446	-	-	-
Authorized but unissued	<u>-</u>	<u>15,803,260</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>4,798,768</u>	<u>32,082,706</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 29,630,629</u></u>	<u><u>\$ 36,776,087</u></u>	<u><u>\$ 57,382,328</u></u>	<u><u>\$ 49,731,351</u></u>	<u><u>\$ 45,905,862</u></u>

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

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

**REPORT OF THE TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2019**

Grand List October 1,	Taxes Receivable July 1, 2018	Lawful Corrections		Suspense Transfers	Taxes Receivable	Collections			Taxes Receivable June 30, 2019
		Additions	Deductions			Taxes	Interest and Liens	Total	
2017	\$ 14,991,287	\$ 20,194	\$ 43,601	\$ (620)	\$ 14,967,260	\$ 14,692,899	\$ 45,508	\$ 14,738,407	\$ 274,361
2016	196,731	334	4,514	(689)	191,862	91,095	23,847	114,942	100,767
2015	53,314	-	80	(592)	52,642	31,971	9,068	41,039	20,671
2014	16,614	-	-	(667)	15,947	5,616	3,014	8,630	10,331
2013	19,746	-	-	(751)	18,995	3,495	1,274	4,769	15,500
2012	8,543	-	-	-	8,543	559	536	1,095	7,984
2011	6,007	-	-	-	6,007	519	592	1,111	5,488
2010	7,315	-	-	-	7,315	724	948	1,672	6,591
2009	3,646	-	-	-	3,646	721	1,073	1,794	2,925
2008	2,148	-	-	-	2,148	712	1,188	1,900	1,436
2007	2,100	-	-	-	2,100	696	1,288	1,984	1,404
2006	1,843	-	-	-	1,843	664	1,349	2,013	1,179
2005	1,832	-	-	-	1,832	664	1,468	2,132	1,168
2004	748	-	-	3	751	204	504	708	547
2003	1,029	-	-	-	1,029	200	532	732	829
	<u>\$ 15,312,903</u>	<u>\$ 20,528</u>	<u>\$ 48,195</u>	<u>\$ (3,316)</u>	<u>\$ 15,281,920</u>	<u>\$ 14,830,739</u>	<u>\$ 92,189</u>	<u>\$ 14,922,928</u>	<u>\$ 451,181</u>

See accompanying Independent Auditors' Report.