

**TOWN OF NORTH STONINGTON, CONNECTICUT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**  
**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, 2017, 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, 2017, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 9 and the required supplementary information on page 40 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 20, 2017, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Danbury, Connecticut  
October 20, 2017

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

**JUNE 30, 2017**

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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, 2017. Please read it in conjunction with the Town's financial statements, which begin on page 10.

The Town's discussion and analysis is designed to:

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

**FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$13,906,566 (net position). This is an increase of \$990,751 or 7.7% from the prior fiscal year.
- Government-wide revenues were \$22,058,894 and expenses were \$21,068,143. On a government-wide basis, revenues exceeded expenses by \$990,751.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$2,385,904, a decrease of \$41,758 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 Capital Project Fund, and other smaller funds.
- In the General Fund, revenues exceeded expenses and net transfers by \$870,488. The total General Fund balance of \$2,984,470 as of June 30, 2017, compares to a balance of \$2,113,982 in the prior year.
- At the end of the current fiscal year, the Unassigned General Fund balance was \$2,557,765. This represents 13.9% of total General Fund expenditures (on a budgetary basis) in the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

### **Government-Wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) 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 (Deficits) for the General, Capital Nonrecurring, Capital Projects, and Emergency Services Center 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)**

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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 \$990,751 from a year ago. Our analysis below focuses on the net position and changes in net position of the Town.

	<u>2017</u>	<u>Change During Year</u>		<u>2016</u>
		<u>Dollars</u>	<u>Percent</u>	
<b><u>Assets</u></b>				
Current and other assets	\$ 10,407,268	\$ 4,564,102	78.1%	\$ 5,843,166
Capital assets	<u>12,752,109</u>	<u>1,109,666</u>	9.5%	<u>11,642,443</u>
Total assets	<u>23,159,377</u>	<u>5,673,768</u>	32.4%	<u>17,485,609</u>
<b><u>Liabilities</u></b>				
Long-term debt outstanding	1,746,456	(72,537)	-4.0%	1,818,993
Other liabilities	<u>7,506,355</u>	<u>4,755,554</u>	172.9%	<u>2,750,801</u>
Total liabilities	<u>9,252,811</u>	<u>4,683,017</u>	102.5%	<u>4,569,794</u>
<b><u>Net Position</u></b>				
Net investment in capital assets	5,558,109	(3,730,334)	-40.2%	9,288,443
Restricted – expendable	485,159	(9,227)	-1.9%	494,386
Unrestricted	<u>7,863,298</u>	<u>4,730,312</u>	151.0%	<u>3,132,986</u>
Total net position	<u>\$ 13,906,566</u>	<u>\$ 990,751</u>	7.7%	<u>\$ 12,915,815</u>

Capital Assets increased by \$1,109,666. The increase includes \$474,748 reduction for current year depreciation expense, which was more than offset the Town's capital spending during the year.

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

During the current year, the Town paid the annual principal due of \$300,000 on the general obligation serial notes. The Town also paid the \$2,000,000 short-term notes (BANS) outstanding through the issuance of new BANS in the amount of \$7,146,000. Subsequent to year end, the new BANS were paid through the issuance of \$7,146,000 of BANS. The additional proceeds will be used primarily for the Emergency Services Center. See Notes 7 and 8 to the financial statements for additional information.

	2017	Change During Year		2016
		Dollars	Percent	
<u>Revenues</u>				
Program revenues:				
Charges for services	\$ 570,717	\$ 23,336	4.3%	\$ 547,381
Operating grants and contributions	6,085,768	936,455	18.2%	5,149,313
Capital grants and contributions	188,387	50,028	36.2%	138,359
General revenues:				
Property taxes	14,075,438	120,631	0.9%	13,954,807
Grants and contributions	1,083,445	71,715	7.1%	1,011,730
Interest and investment earnings	4,302	1,886	78.1%	2,416
Other	50,837	8,382	19.7%	42,455
Total revenues	<u>22,058,894</u>	<u>1,212,433</u>	5.8%	<u>20,846,461</u>
<u>Expenses</u>				
General government	2,470,621	78,858	3.3%	2,391,763
Public safety	1,061,426	(290,247)	-21.5%	1,351,673
Public works	1,634,511	(203,749)	-11.1%	1,838,260
Education	15,897,053	999,983	6.7%	14,897,070
Interest on long-term debt	4,532	(4,557)	-50.1%	9,089
Total expenses	<u>21,068,143</u>	<u>580,288</u>	2.8%	<u>20,487,855</u>
Change in net position	<u>\$ 990,751</u>	<u>\$ 632,145</u>	176.3%	<u>\$ 358,606</u>

The following are the significant changes from the prior year:

- Operating grants revenue increased \$936,455 (18.2%) because of an increase of \$1,107,097 in the teachers' retirement on behalf payments from \$1,311,584 to \$2,418,681.
- Capital grants revenue increased \$50,028 (36.2%) because the current year includes higher STEAP reimbursement grants.
- Education expenses increased \$999,983 (6.7%) primarily from an increase in the current year teachers' retirement on behalf payments mentioned above compared to the prior year.



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

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**FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS**

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

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

At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$2,385,904, a decrease of \$41,758 from the prior year.

<u>Ending Fund Balance as of:</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
General Fund	\$ 2,984,470	\$ 2,113,982	\$ 870,488
Capital Nonrecurring Fund	205,866	173,212	32,654
Capital Projects Fund	1,200,291	1,078,933	121,358
Emergency Services Center	(686,682)	(1,033,521)	346,839
School Capital Project	(1,436,109)	-	(1,436,109)
Other Funds	<u>118,068</u>	<u>95,056</u>	<u>23,012</u>
Total	<u>\$ 2,385,904</u>	<u>\$ 2,427,662</u>	<u>\$ (41,758)</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 \$2,557,765. 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 13.9% of total General Fund expenditures (on a budgetary basis) in the current fiscal year. In the prior year, the Unassigned Fund Balance was 10.4% of the total General Fund expenditures (on a budgetary basis).

The Town's total General Fund balance increased by \$870,488 or 41.2% during the current fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Better (Worse) Than Budget</u>
Revenues:			
Property taxes	\$ 13,781,762	\$ 14,225,132	\$ 443,370
Interest and investment earnings	1,500	4,302	2,802
Intergovernmental	4,748,775	4,344,653	(404,122)
Licenses, fees, fines and charges	182,501	212,947	30,446
Other	191,743	286,214	94,471
Total revenues	<u>18,906,281</u>	<u>19,073,248</u>	<u>166,967</u>
Expenditures:			
General government	4,852,150	4,460,971	391,179
Debt service	754,470	754,532	(62)
Capital outlay	430,173	428,861	1,312
Education	<u>12,875,068</u>	<u>12,753,559</u>	<u>121,509</u>
Total expenditures	<u>18,911,861</u>	<u>18,397,923</u>	<u>513,938</u>
Increase in fund balance – budgetary basis	<u>\$ (5,580)</u>	<u>\$ 675,325</u>	<u>\$ 680,905</u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of this year, the Town had \$12,752,109 invested in capital assets. This amount represents a net increase (including additions and deductions) of \$1,109,666 from last year. This is primarily due to various infrastructure projects, which was more than offset by 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 year end, the Town had no general obligation notes outstanding. This is a decrease of \$300,000 from the \$300,000 general obligation notes that were outstanding last year. The Town is currently not rated by the rating agencies because all general obligation bonds outstanding have been paid in full. More detailed information about the Town's long-term obligations is presented in Notes 7 and 8 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Grand List for Fiscal Year 2016-2017 only grew by approximately one percent. The Town had another successful year in its operations and our surplus increased to \$2,557,765, which is 13.3% of the Town's proposed Fiscal Year 2017-2018 budget.

First Selectman Shawn Murphy started the second year of his term and has continued to work with all boards, commissions, and departments to streamline the governmental process and provide professional services to our residents and taxpayers. He has worked on the remodeling and updates of the New Town Hall offices and has plans to complete the work in the New Town Hall Conference Room and public ways early next year. A new full time combined Zoning and Economic Development Coordinator position was created this year and is working with the EDC and Zoning Boards to encourage new development for our Town. The Center for Emergency Services contract was awarded to Enterprise Builders for \$4,200,000 and the Project is anticipated to be completed in April, 2018. The approved School Modernization Building Project is pending a State budget and bonding award. The Committee has continued preparing a shovel ready project through the bidding process and then will wait for State decisions.

The Town is approaching Fiscal Year 2017-2018 with some uncertainty due to the fact the State of Connecticut has not yet adopted a biennium budget and finalized revenues for Education Cost Sharing and all of the other municipal grants and aid. The Town is continuing to operate on last year's budget until a resolution can be reached. All Departments, Boards, and Commissions have adopted a very conservative approach to spending but will do everything possible to maintain all services for the Town. Tax bills have been sent at the Fiscal Year 2016-2017 mil rate of 27 with a second billing to be sent in mid to late December with the new mil rate dependent upon what the State Legislature adopts for budgets. The Board of Selectmen and all the Town officials are determined to continue to provide our residents and commercial businesses the best services possible.

## **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, 2017**

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<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 9,454,592
Receivables:	
Taxes and interest, net of allowance of \$290,000	674,422
Intergovernmental	192,337
Other	27,626
Prepaid expenses	31,550
Inventory	3,488
Due from fiduciary funds	23,253
Noncurrent assets:	
Capital assets:	
Not being depreciated	2,688,448
Being depreciated, net of accumulated depreciation	10,063,661
	<hr/>
<b>Total assets</b>	<b><u><u>\$ 23,159,377</u></u></b>
 <b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	\$ 299,268
Accrued expenses	38,817
Unearned revenue	22,270
Bond anticipation note	7,146,000
Noncurrent liabilities:	
Due within one year	56,227
Due in more than one year	1,690,229
	<hr/>
<b>Total liabilities</b>	<b><u><u>9,252,811</u></u></b>
 <b><u>Net Position</u></b>	
Net investment in capital assets	5,558,109
Restricted:	
Expendable	485,159
Unrestricted	7,863,298
	<hr/>
<b>Total net position</b>	<b><u><u>13,906,566</u></u></b>
	<hr/>
<b>Total liabilities and net position</b>	<b><u><u>\$ 23,159,377</u></u></b>

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, 2017**

		<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges For Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental Activities:</b>					
General government	\$ (2,470,621)	\$ 390,550	\$ 171,490	\$ -	\$ (1,908,581)
Public safety	(1,061,426)	-	31,050	-	(1,030,376)
Public works	(1,634,511)	-	240,036	188,387	(1,206,088)
Education	(15,897,053)	180,167	5,643,192	-	(10,073,694)
Interest on debt	(4,532)	-	-	-	(4,532)
<b>Total governmental activities</b>	<b>\$ (21,068,143)</b>	<b>\$ 570,717</b>	<b>\$ 6,085,768</b>	<b>\$ 188,387</b>	<b>(14,223,271)</b>
<b>General Revenues:</b>					
					14,075,438
Property taxes, interest, and lien fees					1,083,445
Grants and contributions not restricted to specific programs					4,302
Interest and investment earnings					50,837
Other					15,214,022
<b>Total general revenues</b>					
<b>Change in net position</b>					990,751
<b>Net position, beginning of year</b>					12,915,815
<b>Net position, end of year</b>					\$ 13,906,566

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

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017**

	<b>General Fund</b>	<b>Capital Nonrecurring Fund</b>	<b>Capital Projects Fund</b>	<b>Emergency Services Center</b>	<b>School Capital Project</b>	<b>Other Funds</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>							
Cash and cash equivalents	\$ 4,077,550	\$ 204,998	\$ -	\$ 4,869,472	\$ 203,947	\$ 98,625	\$ 9,454,592
Receivables:							
Taxes and interest, net of allowance of \$290,000	674,422	-	-	-	-	-	674,422
Intergovernmental	184,465	-	-	-	-	7,872	192,337
Other	27,626	-	-	-	-	-	27,626
Prepaid expenses	31,550	-	-	-	-	-	31,550
Due from other funds	-	868	1,200,291	-	-	9,671	1,210,830
Due from fiduciary funds	-	-	-	-	-	23,253	23,253
Inventory	-	-	-	-	-	3,488	3,488
<b>Total assets</b>	<b>\$ 4,995,613</b>	<b>\$ 205,866</b>	<b>\$ 1,200,291</b>	<b>\$ 4,869,472</b>	<b>\$ 203,947</b>	<b>\$ 142,909</b>	<b>\$ 11,618,098</b>
<b><u>Liabilities</u></b>							
Accounts payable	\$ 249,212	\$ -	\$ -	\$ -	\$ 50,056	\$ -	\$ 299,268
Accrued expenses	29,063	-	-	154	-	9,600	38,817
Unearned revenue	7,029	-	-	-	-	15,241	22,270
Bond anticipation notes	-	-	-	5,556,000	1,590,000	-	7,146,000
Due to other funds	1,210,830	-	-	-	-	-	1,210,830
<b>Total liabilities</b>	<b>1,496,134</b>	<b>-</b>	<b>-</b>	<b>5,556,154</b>	<b>1,640,056</b>	<b>24,841</b>	<b>8,717,185</b>
<b><u>Deferred Inflows of Resources</u></b>							
Unavailable revenue - taxes	515,009	-	-	-	-	-	515,009
<b><u>Fund Balances (Deficits)</u></b>							
Nonspendable	31,550	-	-	-	-	3,488	35,038
Restricted	-	29,606	417,552	-	-	38,001	485,159
Committed	-	176,260	782,739	-	-	23,253	982,252
Assigned	395,155	-	-	-	-	58,896	454,051
Unassigned	2,557,765	-	-	(686,682)	(1,436,109)	(5,570)	429,404
<b>Total fund balances (deficits)</b>	<b>2,984,470</b>	<b>205,866</b>	<b>1,200,291</b>	<b>(686,682)</b>	<b>(1,436,109)</b>	<b>118,068</b>	<b>2,385,904</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 4,995,613</b>	<b>\$ 205,866</b>	<b>\$ 1,200,291</b>	<b>\$ 4,869,472</b>	<b>\$ 203,947</b>	<b>\$ 142,909</b>	

**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.	12,752,109
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	515,009
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences and pension benefits	(1,698,456)
Landfill costs	(48,000)
<b>Net position</b>	<b>\$ 13,906,566</b>

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 (DEFICITS)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>General Fund</b>	<b>Capital Nonrecurring Fund</b>	<b>Capital Projects Fund</b>	<b>Emergency Services Center</b>	<b>School Capital Project</b>	<b>Other Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>							
Property taxes	\$ 14,225,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,225,132
Intergovernmental	6,763,334	-	-	-	-	557,532	7,320,866
Local	485,948	-	-	-	-	176,642	662,590
<b>Total revenues</b>	<b>21,474,414</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>734,174</b>	<b>22,208,588</b>
<b>Expenditures:</b>							
Current:							
General government	1,867,788	-	-	-	-	182,768	2,050,556
Public safety	883,821	-	-	103,161	-	-	986,982
Public works	1,513,025	-	-	-	-	-	1,513,025
Education	15,156,314	-	-	-	-	531,594	15,687,908
Capital outlay	-	20,790	250,444	-	1,436,109	-	1,707,343
Debt service	304,532	-	-	-	-	-	304,532
<b>Total expenditures</b>	<b>19,725,480</b>	<b>20,790</b>	<b>250,444</b>	<b>103,161</b>	<b>1,436,109</b>	<b>714,362</b>	<b>22,250,346</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,748,934</b>	<b>(20,790)</b>	<b>(250,444)</b>	<b>(103,161)</b>	<b>(1,436,109)</b>	<b>19,812</b>	<b>(41,758)</b>
<b>Other Financing Sources (Uses):</b>							
Transfers in	15,971	468,444	387,773	450,000	-	3,200	1,325,388
Transfers out	(894,417)	(415,000)	(15,971)	-	-	-	(1,325,388)
<b>Total other financing sources (uses)</b>	<b>(878,446)</b>	<b>53,444</b>	<b>371,802</b>	<b>450,000</b>	<b>-</b>	<b>3,200</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>870,488</b>	<b>32,654</b>	<b>121,358</b>	<b>346,839</b>	<b>(1,436,109)</b>	<b>23,012</b>	<b>(41,758)</b>
<b>Fund balances (deficits), beginning of year</b>	<b>2,113,982</b>	<b>173,212</b>	<b>1,078,933</b>	<b>(1,033,521)</b>	<b>-</b>	<b>95,056</b>	<b>2,427,662</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 2,984,470</b>	<b>\$ 205,866</b>	<b>\$ 1,200,291</b>	<b>\$ (686,682)</b>	<b>\$ (1,436,109)</b>	<b>\$ 118,068</b>	<b>\$ 2,385,904</b>

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, 2017**

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

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (41,758)</b>
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:

Capital outlays treated as expenditures	1,584,414
Depreciation expense not considered in the fund statements	(474,748)
	1,109,666

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:

General obligation bonds	300,000
Post-closure landfill costs	6,000
	306,000

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

Revenues:

Taxes, interest, and liens	(149,694)
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Expenses:

Compensated absences and other post-employment benefits payable	(233,463)
	(383,157)

<b>Change in net position</b>	<b>\$ 990,751</b>
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The notes to the financial statements are an integral part of this statement.



**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Property taxes, interest, and lien fees	\$ 13,781,762	\$ 13,781,762	\$ 14,225,132	\$ 443,370
Interest and investment earnings	1,500	1,500	4,302	2,802
Intergovernmental	4,748,775	4,748,775	4,344,653	(404,122)
Licenses, fees, fines and charges	182,501	182,501	212,947	30,446
Other	191,743	191,743	286,214	94,471
<b>Total revenues</b>	<b>18,906,281</b>	<b>18,906,281</b>	<b>19,073,248</b>	<b>166,967</b>
<b>Expenditures:</b>				
Current:				
General government	179,068	181,143	180,442	701
Probate Court	1,794	1,794	1,794	-
Board of Finance	12,551	12,551	8,560	3,991
Assessor's Office	128,493	128,493	128,015	478
Board of Assessment Appeals	1,250	1,250	815	435
Tax Collector	58,112	62,273	57,407	4,866
Town Treasurer	7,000	7,000	7,027	(27)
Town Attorney	45,000	45,000	12,305	32,695
Annexation related	47,000	47,000	45,588	1,412
Town Clerk	76,562	76,562	61,377	15,185
Planning and Zoning Commission	131,006	131,006	118,499	12,507
Building Department	32,023	32,023	31,944	79
Zoning Board of Appeals	1,000	1,000	919	81
Affordable housing committee	1,000	1,000	290	710
School Building and Planning Committee	100	100	-	100
Economic Development Commission	44,183	26,357	4,008	22,349
Recreation Commission	103,893	103,893	86,704	17,189
Inland Wetlands Commission	7,868	7,868	7,557	311
Conservation Commission	2,100	2,100	2,044	56
Fixed charges	846,653	846,653	785,536	61,117
Elections and Town Meetings	45,184	45,184	25,876	19,308
Town Hall	70,400	70,400	59,437	10,963
Social Services/Welfare	42,875	42,875	42,259	616
Selectmen's Engineering Service	3,500	3,500	1,995	1,505
Information Technology	73,511	85,101	78,701	6,400
Public safety	1,006,409	1,006,409	882,899	123,510
Public works	1,751,018	1,751,018	1,696,098	54,920
Conservation of Health	32,751	32,751	28,640	4,111
Senior Citizens	60,295	60,295	57,789	2,506
Miscellaneous	39,551	39,551	46,446	(6,895)
Education	12,875,068	12,875,068	12,753,559	121,509
Capital outlay	825,473	430,173	428,861	1,312
Debt service	339,470	754,470	754,532	(62)
<b>Total expenditures</b>	<b>18,892,161</b>	<b>18,911,861</b>	<b>18,397,923</b>	<b>513,938</b>
<b>Net change in fund balance</b>	<b>\$ 14,120</b>	<b>\$ (5,580)</b>	<b>675,325</b>	<b>\$ 680,905</b>
<b>Fund balance, beginning of year</b>			<b>1,913,990</b>	
<b>Fund balance, end of year</b>			<b>\$ 2,589,315</b>	

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, 2017**

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ -	\$ 203,045
Investments	3,115,987	-
Other receivables	98,805	-
<b>Total assets</b>	<u>3,214,792</u>	<u>203,045</u>
<b><u>Liabilities</u></b>		
Due to students and developers	-	179,792
Due to governmental funds	-	23,253
<b>Total liabilities</b>	<u>-</u>	<u>203,045</u>
<b>Net position held in trust for pension benefits</b>	<u><u>\$ 3,214,792</u></u>	<u><u>\$ -</u></u>

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, 2017**

	<b><u>Pension Trust Funds</u></b>
<b>Additions:</b>	
Employer contributions	\$ 184,743
Investment earnings (losses)	<u>193,516</u>
<b>Total additions</b>	<u>378,259</u>
<b>Deductions:</b>	
Distributions	<u>251,895</u>
<b>Total deductions</b>	<u>251,895</u>
<b>Change in net position</b>	126,364
<b>Net position, beginning of year</b>	<u>3,088,428</u>
<b>Net position, end of year</b>	<u><u>\$ 3,214,792</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, 2017

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### **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.

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

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

The Town reports the following major governmental funds:

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

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

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

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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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 Capital 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 **Agency 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 1<sup>st</sup>. The tax levy is divided into two billings; the following July 1<sup>st</sup> and January 1<sup>st</sup>. 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 1<sup>st</sup> and February 1<sup>st</sup>), 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, 2017 (continued)**

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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, 2017, the Town has established an allowance for uncollectible taxes and interest of \$290,000.

**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 only has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenues from property taxes. 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, 2017 (continued)**

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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.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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**Note 2 – Budgets and Budgetary Accounting**

**Budgetary Basis**

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

- Teachers' Retirement – the Town does not recognize as income or expenditures payments made for teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement No. 68 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:

	<u>Fund Balance</u> <u>Beginning</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Uses</u>	<u>Fund Balance</u> <u>Ending</u>
GAAP basis	\$ 2,113,982	\$ 21,474,414	\$ (19,725,480)	\$ (878,446)	\$ 2,984,470
Encumbrances:					
June 30, 2016	(199,992)	-	199,992	-	-
June 30, 2017	-	-	(395,155)	-	(395,155)
Reclassifications	-	17,515	(895,961)	878,446	-
Teachers' retirement system on behalf payments	<u>-</u>	<u>(2,418,681)</u>	<u>2,418,681</u>	<u>-</u>	<u>-</u>
Budgetary basis	<u>\$ 1,913,990</u>	<u>\$ 19,073,248</u>	<u>\$ (18,397,923)</u>	<u>\$ -</u>	<u>\$ 2,589,315</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, 2017 (continued)**

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**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 bond 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	\$ 9,454,592
Agency funds	<u>203,045</u>
Total cash and cash equivalents	<u>\$ 9,657,637</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	\$ 454,844
Uninsured and collateralized	1,963,161
Uninsured and uncollateralized	<u>7,833,053</u>
Total Deposits	<u>\$ 10,251,058</u>

**Investments**

As of June 30, 2017, the Town's investments consisted of the following:

	Fiduciary
	<u>Funds</u>
Equity mutual funds	<u>\$ 3,115,987</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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**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, 2017.

**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>
2018	\$ 29,685
2019	24,693
2020	25,413
2021	<u>250</u>
Total	<u>\$ 80,041</u>

**Note 5 – Capital Assets**

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

General government	\$ 63,673
Public works	127,486
Public safety	74,444
Education	<u>209,145</u>
Total depreciation expense	<u>\$ 474,748</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

Capital asset activity for the year was as follows:

	Balance at July 1, 2016	Increases	Decreases	Balance at June 30, 2017
Capital assets not being depreciated:				
Construction in process	\$ 299,066	\$ 1,436,142	\$ -	\$ 1,735,208
Land	953,240	-	-	953,240
	<u>1,252,306</u>	<u>1,436,142</u>	<u>-</u>	<u>2,688,448</u>
Capital assets being depreciated:				
Buildings and improvement	13,054,770	100,000	-	13,154,770
Furniture and equipment	6,191,542	48,272	(8,335)	6,231,479
Infrastructure	3,185,995	-	-	3,185,995
	<u>22,432,307</u>	<u>148,272</u>	<u>(8,335)</u>	<u>22,572,244</u>
Accumulated depreciation	<u>(12,042,170)</u>	<u>(474,748)</u>	<u>8,335</u>	<u>(12,508,583)</u>
Capital assets, net	<u>\$ 11,642,443</u>	<u>\$ 1,109,666</u>	<u>\$ -</u>	<u>\$ 12,752,109</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 to the Capital Nonrecurring Fund and Capital Projects Fund were made to finance several projects.

	Transfers In					Total
	General Fund	Capital Nonrecurring Fund	Capital Projects Fund	Emergency Services Center	Other Funds	
Transfers out:						
General Fund	\$ -	\$ 468,444	\$ 387,773	\$ 35,000	\$ 3,200	\$ 894,417
Capital Projects Fund	15,971	-	-	-	-	15,971
Capital Nonrecurring Fund	-	-	-	415,000	-	415,000
	<u>\$ 15,971</u>	<u>\$ 468,444</u>	<u>\$ 387,773</u>	<u>\$ 450,000</u>	<u>\$ 3,200</u>	<u>\$ 1,325,388</u>

As of June 30, 2017, interfund receivables and payables were as follows:

	<u>Due From:</u>
	<u>General</u>
	<u>Fund</u>
Due To:	
Capital Nonrecurring Fund	\$ 868
Capital Projects Fund	1,200,291
Education Grant Fund	9,671
	<u>\$ 1,210,830</u>

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

**Note 7 – Bond Anticipation Notes**

The Town uses bond anticipation notes during the construction period of various capital projects prior to the issuance of the bonds at the completion of the project.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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Short-term obligation activity for the year ended June 30, 2017, was as follows:

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
Capital Projects	<u>\$ 2,000,000</u>	<u>\$ 7,146,000</u>	<u>\$ 2,000,000</u>	<u>\$ 7,146,000</u>

At June 30, 2017, there was a bond anticipation note of \$7,146,000 outstanding with a maturity date of July 13, 2017, bearing an interest rate of 1.450%.

**Note 8 – Long-Term Obligations**

**Changes In Long-Term Obligations**

Long-term obligation activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation serial note	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ -
Compensated absences	125,146	32,128	-	157,274	-
Post-closure landfill costs	54,000	-	6,000	48,000	6,000
Net OPEB obligation	<u>1,339,847</u>	<u>251,562</u>	<u>50,227</u>	<u>1,541,182</u>	<u>50,227</u>
	<u>\$ 1,818,993</u>	<u>\$ 283,690</u>	<u>\$ 356,227</u>	<u>\$ 1,746,456</u>	<u>\$ 56,227</u>

**Authorized and Unissued Debt**

At June 30, 2017, there was \$804,000 authorized and unissued bonds for the Emergency Services Center and 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, 2017.

**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. During the year, there were no actual costs incurred.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

**Note 9 – 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)	\$ 144,818
Water study (STEAP grant)	36,679
Village water line (STEAP grant)	236,055
Town Clerk document restoration	4,358
LOCIP capital improvements	25,248
Scholarships	<u>38,001</u>
	<u>\$ 485,159</u>

**Fund Balances**

As of June 30, 2017, governmental fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Nonrecurring</u>	<u>Capital Projects Fund</u>	<u>Emergency Services Center</u>	<u>School Capital Project</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:							
Prepaid expenses	\$ 31,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,550
Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,488</u>	<u>3,488</u>
	<u>31,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,488</u>	<u>35,038</u>
Restricted:							
Capital projects	-	29,606	417,552	-	-	-	447,158
Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,001</u>	<u>38,001</u>
	<u>-</u>	<u>29,606</u>	<u>417,552</u>	<u>-</u>	<u>-</u>	<u>38,001</u>	<u>485,159</u>
Committed:							
Capital projects	-	176,260	782,739	-	-	-	958,999
Inland Wetland mitigation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,256</u>	<u>13,256</u>
Open space	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,997</u>	<u>9,997</u>
	<u>-</u>	<u>176,260</u>	<u>782,739</u>	<u>-</u>	<u>-</u>	<u>23,253</u>	<u>982,252</u>
Assigned:							
General government	1,807	-	-	-	-	1,000	2,807
Public safety	12,756	-	-	-	-	-	12,756
Public works	334,844	-	-	-	-	-	334,844
Education	<u>45,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,896</u>	<u>103,644</u>
	<u>395,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,896</u>	<u>454,051</u>
Unassigned	<u>2,557,765</u>	<u>-</u>	<u>-</u>	<u>(686,682)</u>	<u>(1,436,109)</u>	<u>(5,570)</u>	<u>429,404</u>
	<u>\$ 2,984,470</u>	<u>\$ 205,866</u>	<u>\$ 1,200,291</u>	<u>\$ (686,682)</u>	<u>\$ (1,436,109)</u>	<u>\$ 118,068</u>	<u>\$ 2,385,904</u>

**Note 10 – Deficit Fund Balances**

The Emergency Services Center, School Capital Project, and Education Grants funds have deficit fund balances of \$686,682, \$1,436,109, and \$5,570, respectively, and are expected to be funded by the General Fund, issuance of debt, and intergovernmental grants.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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**Note 11 – 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, 2017, there were 13 participants in the Board of Education defined contribution plans below, which are administered as one plan by National Retirement Services, Inc.

**Plan #2119**

Eligibility in the plan is limited to secretaries, custodians, and the cafeteria administrator all of whom must have completed one-half year of service and have attained the age of twenty and one-half. Participants may contribute voluntarily to the plan. The Town annually contributes an amount equal to 10% of each participant's compensation. Participants are fully vested immediately upon participation in the plan. For the year ended June 30, 2017, the Town contributed \$16,398 to the plan.

**Plan #30027**

Eligibility in the Board of Education CNBU Money Purchase plan is limited to those employees of the Board of Education who are not participants in the Board of Education Pension Plan above. All participants must have completed six months of service and must have attained age twenty and one-half. Participants may contribute voluntarily to the plan. The Town annually contributes 14% of each participant's compensation. Participants are fully vested immediately upon participation in the plan. For the year ended June 30, 2017, the Town contributed \$48,650 to the plan.

**General Government Pension Plan**

Eligibility in the plan is limited to the Town Clerk, Tax Collector, members of the United Steelworkers of America (USWA), Municipal Employees Union Independent (MEUI), and Salaried Employees of North America (a division of the USWA) who have completed one year of service. Participants may voluntarily contribute to the plan. The Town's funding policy is as follows:

Municipal Employee Union Independent	7.5% of annual compensation
United Steelworkers of America	8.75% of annual compensation
All other participants employed before 12/01/96	10% of annual compensation
All other participants employed on or after 12/01/96	4% of annual compensation

For the year ended June 30, 2017, the Town contributed \$98,805 to the plan all of which is allocated to the participants' individual retirement. The plan is administered by the Town. There were 20 participants in the plan.

**Connecticut 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.



**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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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 by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

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).

Summary of Significant Accounting Policies

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about the System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.)

**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 7.25% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2016/2017 school year, \$453,623 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town is \$6,257,403. The Town had 87 active participants in the System at June 30, 2017.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions:

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.

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

The long-term expected rate of return on pension investments was determined using a log-normal 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	<u>6.0%</u>	0.4%
Total	<u>100.0%</u>	

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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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.

	1% Decrease <u>(7.00%)</u>	Current Discount Rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Sensitivity of the system's proportionate share of the net pension liability related to the Town	\$ 28,303,364	\$ 22,178,866	\$ 16,972,861

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 \$22,178,866 and 100% of the collective net pension liability is allocated to the State.

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, 2017, the Town recognized \$2,418,681 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

**Note 12 – 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.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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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 13 – 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 14 – Other Post Employment Benefits (OPEB)**

**Plan Description**

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

Eligibility	Teachers and Administrators – A teacher or administrator retiring under the Connecticut State Teachers' Retirement System shall be eligible to receive health benefits for self and spouse. Normal retirement for teachers and administrators is the earlier of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earlier of age 60 with 10 years of service, any age with 25 years of service.  All Others – A member retiring at age 55 years or older shall be eligible to continue health insurance coverage for self and spouse. Coverage is pre-65 only.
Medical and Dental Benefits:	Teachers and Administrators – Employees and their spouses are eligible to continue medical and dental coverage upon retirement by paying the full cost of the applicable premium. Teachers and administrators eligible to participate in Medicare are allowed to continue coverage until age 65. Teachers and administrators hired prior to April 1, 1986, who are not eligible to participate in Medicare are allowed to continue coverage for their life and the life of their spouse.

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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

**Actuarial Assumptions and Methods**

Latest Actuarial Date	July 1, 2016
Actuarial Cost Method	Projected Unit Credit
Discount Rate	4.00%
Payroll Growth Rate	3.00%
Medical Inflation	Initial rate of 8.5% grading down to an ultimate inflation rate of 5% over a 10 year period.
Amortization Method	Open, level percentage of projected payroll over 30 years.
Mortality Table	RP-2000 Health Mortality Table projected generationally with Scale AA.
Disability Rates	None assumed.
Turnover	Teachers and Administrators – rates based on gender and length of service for the first 10 years and gender and age thereafter. All others – rates based on age.
Retirement	Teachers and Administrators – rates based on age, eligibility for pension benefits, and gender. All others – 5% at age 55 with 10 years of service as a base and increasing thereafter.
Future Retiree Coverage	Teachers and Administrators – 9% are assumed to elect coverage at retirement.
Future Dependent Coverage	All others – 10% are assumed to elect coverage at retirement. Male 50%; Female 30% with female spouses assumed to be 3 years younger than males.

**Schedule of Funding Progress**

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

**Plan Participants**

The plan had the following number of participants as of July 1, 2016:

Active	132
Retirees	5
Dependents	<u>1</u>
Total	<u><u>138</u></u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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**Schedule of Employer Contributions**

The schedule of employer contributions is as follows:

Schedule of Employer Contributions			
Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2017	\$ 249,664	\$ 50,227	20.12%
2016	283,920	137,712	48.50%
2015	283,920	126,842	44.69%
2014	232,007	88,193	38.01%
2013	232,007	69,425	29.92%
2012	149,030	189,390	127.08%

**Annual Required Contribution (ARC)**

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

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

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

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

The annual calculation of Annual Required Cost (ARC) is as follows:

Past Service Cost	\$ 136,214
Normal Cost	103,848
Interest	<u>9,602</u>
Annual Required Contribution (ARC)	<u>\$ 249,664</u>

**Annual OPEB Cost and Net OPEB Obligation**

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	\$ 249,664
Interest on net OPEB obligation	53,594
Adjustment to annual required contribution	<u>(51,696)</u>
Annual OPEB cost (AOC)	251,562
Contributions made	<u>(50,227)</u>
Increase in net OPEB obligation	201,335
Net OPEB obligation, beginning of year	<u>1,339,847</u>
Net OPEB obligation, end of year	<u>\$ 1,541,182</u>

**Town of North Stonington, Connecticut**  
**Notes to Financial Statements**  
**June 30, 2017 (continued)**

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**Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/17	\$ 251,562	20.0%	\$ 1,541,182
6/30/16	294,663	46.7%	1,339,847
6/30/15	293,152	43.3%	1,182,896

Funded Status and Funding Progress: The funded status of the plan as of July 1, 2016 (the date of the most recent actuarial valuation) was as follows:

<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit Cost Method (b)</u>	<u>(Unfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
\$ -	\$ 3,564,638	\$ 3,564,638	0.0%	\$ 8,250,946	43.2%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

**Other Disclosures**

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

**Note 15 – Recently Issued Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB Statement No. 75, which will most likely have a material impact, though the amount has not yet been determined:

**GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)**, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
- Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

GASB Statement No. 75 carries forward from GASB Statement No. 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

**GASB Statement No. 81, Irrevocable Split-Interest Agreements.** This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

**GASB issued Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73.** This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for periods beginning after June 15, 2017.

**GASB Statement No. 83, Certain Asset Retirement Obligations.** This 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 this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

**GASB Statement No. 84, Fiduciary Activities.** 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.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.



**GASB Statement No. 86, Certain Debt Extinguishment Issues.** This Statement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

**GASB Statement No. 87, Leases.** This Statement improves the 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 reporting periods beginning after December 15, 2019.

**Note 16 – Subsequent Events**

In July 2017, the Town paid off the \$7,146,000 Bond Anticipation Notes (BANS) through the issuance of \$5,340,000 and \$1,590,000 of new BANS, maturing July 12, 2018 and October 12, 2017, respectively, with the balance paid with cash. On October 12, 2017, the total amount of the \$1,590,000 BAN was paid and a new BAN in the same amount was issued with a maturity date of January 11, 2018.

**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>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	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>22,178,866</u>	<u>16,369,155</u>	<u>15,130,003</u>
Total	<u>\$ 22,178,866</u>	<u>\$ 16,369,155</u>	<u>\$ 15,130,003</u>
Town's covered-employee payroll	<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>
System fiduciary net position as a percentage of the total pension liability	<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.

**SUPPLEMENTAL  
STATEMENTS AND SCHEDULES**

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>				<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Transfers</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>					
<b>Property taxes, interest and lien fees:</b>					
General property taxes - current	\$ 13,431,762	\$ -	\$ 13,431,762	\$ 13,738,563	\$ 306,801
General property taxes - past	150,000	-	150,000	205,757	55,757
Supplemental motor vehicles	100,000	-	100,000	141,566	41,566
Interest and lien fees	100,000	-	100,000	139,246	39,246
	<b>13,781,762</b>	<b>-</b>	<b>13,781,762</b>	<b>14,225,132</b>	<b>443,370</b>
<b>Interest and investment earnings</b>	<b>1,500</b>	<b>-</b>	<b>1,500</b>	<b>4,302</b>	<b>2,802</b>
<b>Intergovernmental:</b>					
Education cost sharing	2,868,240	-	2,868,240	2,834,469	(33,771)
Casino revenue	841,889	-	841,889	841,889	-
State aid for town road	240,033	-	240,033	240,036	3
Local and vocational transportation	52,340	-	52,340	-	(52,340)
Local capital improvement program	48,062	-	48,062	-	(48,062)
Police reimbursement	82,501	-	82,501	31,050	(51,451)
Telecommunications revenue share	25,000	-	25,000	14,954	(10,046)
PILOT program reimbursement	219	-	219	219	-
Elderly exemption reimbursement	40,000	-	40,000	33,633	(6,367)
Municipal revenue sharing	107,832	-	107,832	107,832	-
Regional adult education	7,258	-	7,258	8,079	821
Veterans exemption reimbursement	6,000	-	6,000	5,706	(294)
Records preservation	4,000	-	4,000	4,000	-
Non-public nurse reimbursement	4,345	-	4,345	3,516	(829)
Disabled exemption reimbursement	500	-	500	572	72
Tuition reimbursement	22,866	-	22,866	22,730	(136)
STEAP	200,000	-	200,000	158,132	(41,868)
Emergency management	3,000	-	3,000	7,581	4,581
Boombridge road	194,690	-	194,690	30,255	(164,435)
	<b>4,748,775</b>	<b>-</b>	<b>4,748,775</b>	<b>4,344,653</b>	<b>(404,122)</b>
<b>Licenses, fees, fines and charges:</b>					
Licenses, permits, conveyance taxes	80,000	-	80,000	120,567	40,567
Recreation Commission	63,000	-	63,000	45,173	(17,827)
Building official	35,000	-	35,000	47,171	12,171
Town Clerk LOCIP	1	-	1	27	26
Town Clerk restoration fees	4,000	-	4,000	9	(3,991)
Sanitation	500	-	500	-	(500)
	<b>182,501</b>	<b>-</b>	<b>182,501</b>	<b>212,947</b>	<b>30,446</b>

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, 2017**

	<b>Budgeted Amounts</b>				<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Transfers</b>	<b>Final</b>	<b>Actual</b>	
<b>Other:</b>					
Contractor's tipping fees	\$ 97,500	\$ -	\$ 97,500	\$ 126,797	\$ 29,297
Transfer stickers	-	-	-	-	-
Rent Town Property	42,287	-	42,287	42,287	-
Sale of town vehicles	1	-	1	8,335	8,334
Sanitary landfill - sale of recyclables	10,000	-	10,000	10,066	66
SCRRRA subsidy	10,750	-	10,750	10,799	49
Miscellaneous	10,000	-	10,000	50,842	40,842
Zoning Enforcement Officer	3,000	-	3,000	4,306	1,306
Town engineering - road inspection	1	-	1	-	(1)
Planning and Zoning	400	-	400	1,038	638
Inland Wetlands	400	-	400	652	252
Assessor's Office	500	-	500	353	(147)
GIS services	50	-	50	55	5
Conservation Commission	1	-	1	-	(1)
Canine account	50	-	50	2,491	2,441
Fire Marshall	100	-	100	-	(100)
Resident trooper ticket revenue	9,200	-	9,200	5,166	(4,034)
Sale of fixed assets	1	-	1	-	(1)
Transfer in deobligated capital projects	1	-	1	15,971	15,970
CIRMA credits	7,501	-	7,501	7,056	(445)
	<b>191,743</b>	<b>-</b>	<b>191,743</b>	<b>286,214</b>	<b>94,471</b>
<b>Total revenues</b>	<b>\$ 18,906,281</b>	<b>\$ -</b>	<b>\$ 18,906,281</b>	<b>\$ 19,073,248</b>	<b>\$ 166,967</b>

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
<b>General Government:</b>					
Salaries:					
First Selectman	\$ 62,425	\$ -	\$ 62,425	\$ 62,665	\$ (240)
Second Selectman	2,600	-	2,600	2,600	-
Third Selectman	2,600	-	2,600	2,600	-
Secretary	55,670	-	55,670	55,881	(211)
Bookkeeper	48,033	2,075	50,108	50,300	(192)
Boards of Commissions clerical	250	-	250	-	250
Selectmen's expenditures	2,500	-	2,500	1,990	510
Office expenditures	1,000	-	1,000	308	692
Council of Small Towns	825	-	825	825	-
Certifications/seminars	250	-	250	360	(110)
SE CT Council of Governments	2,913	-	2,913	2,913	-
Accounting consulting	1	-	1	-	1
Town beautification program	1	-	1	-	1
	<u>179,068</u>	<u>2,075</u>	<u>181,143</u>	<u>180,442</u>	<u>701</u>
<b>Probate Court</b>	<u>1,794</u>	<u>-</u>	<u>1,794</u>	<u>1,794</u>	<u>-</u>
<b>Board of Finance:</b>					
Operating expenditures	1,000	-	1,000	170	830
Auditing	11,550	-	11,550	8,390	3,160
Town Report	1	-	1	-	1
	<u>12,551</u>	<u>-</u>	<u>12,551</u>	<u>8,560</u>	<u>3,991</u>
<b>Assessor's Office:</b>					
Salaries:					
Assessor	67,889	-	67,889	68,150	(261)
Assessor assistant	46,484	-	46,484	46,667	(183)
Office expenditures	2,100	-	2,100	2,242	(142)
Seminars	385	-	385	425	(40)
Computer	11,235	-	11,235	10,310	925
Travel expenditures	300	-	300	221	79
Memberships	100	-	100	-	100
	<u>128,493</u>	<u>-</u>	<u>128,493</u>	<u>128,015</u>	<u>478</u>
<b>Board of Assessment Appeals</b>	<u>1,250</u>	<u>-</u>	<u>1,250</u>	<u>815</u>	<u>435</u>
<b>Tax Collector:</b>					
Salaries:					
Tax Collector	34,957	4,161	39,118	39,268	(150)
Clerical	4,655	-	4,655	-	4,655
Office expenditures	9,000	-	9,000	8,794	206
Computer	8,850	-	8,850	8,750	100
Travel expenditures	650	-	650	595	55
	<u>58,112</u>	<u>4,161</u>	<u>62,273</u>	<u>57,407</u>	<u>4,866</u>
<b>Town Treasurer:</b>					
Salary	7,000	-	7,000	7,027	(27)
	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>7,027</u>	<u>(27)</u>
<b>Town Attorney</b>	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>12,305</u>	<u>32,695</u>
<b>Annexation Related:</b>					
Annexation related	2,000	-	2,000	-	2,000
Tribal recognition	45,000	-	45,000	45,588	(588)
	<u>47,000</u>	<u>-</u>	<u>47,000</u>	<u>45,588</u>	<u>1,412</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, 2017**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Town Clerk:</b>					
Salaries:					
Town Clerk	\$ 46,411	\$ -	\$ 46,411	\$ 46,590	\$ (179)
Assistant	13,964	-	13,964	-	13,964
Office expenditures	3,500	-	3,500	3,523	(23)
Records restoration grant	4,000	-	4,000	4,000	-
Land records	8,687	-	8,687	7,264	1,423
	76,562	-	76,562	61,377	15,185
<b>Planning and Zoning Commission:</b>					
Salaries:					
Zoning Officer	57,996	-	57,996	55,837	2,159
Assistant	40,480	-	40,480	40,592	(112)
Operating expenditures	7,530	-	7,530	7,175	355
Travel expenditures	1,000	-	1,000	675	325
Attorney	15,000	-	15,000	4,760	10,240
Contracted consulting services	2,000	-	2,000	2,000	-
Contracted planner	7,000	-	7,000	7,460	(460)
	131,006	-	131,006	118,499	12,507
<b>Building Department:</b>					
Salaries:					
Building Official	31,023	-	31,023	31,025	(2)
Operating expenditures	500	-	500	919	(419)
Travel expenditures	500	-	500	-	500
	32,023	-	32,023	31,944	79
<b>Zoning Board of Appeals</b>	1,000	-	1,000	919	81
<b>Affordable housing committee</b>	1,000	-	1,000	290	710
<b>School Building and Planning Committee:</b>					
Permanent School Building Committee	100	-	100	-	100
	100	-	100	-	100
<b>Economic Development Commission:</b>					
Operating expenditures	7,500	-	7,500	2,154	5,346
CT Regional Economic Development	1,958	-	1,958	1,854	104
Consulting	34,725	(17,826)	16,899	-	16,899
	44,183	(17,826)	26,357	4,008	22,349
<b>Recreation Commission:</b>					
Salaries:					
Administrative	23,866	-	23,866	23,958	(92)
Camp Directors, etc.	13,014	-	13,014	10,492	2,522
Program expenditures	51,526	-	51,526	44,467	7,059
Maintenance	3,700	-	3,700	1,127	2,573
Administrative expenditures	11,787	-	11,787	6,660	5,127
	103,893	-	103,893	86,704	17,189
<b>Inland Wetlands Commission:</b>					
Operating expenditures	700	-	700	390	310
Wages - Enforcement Officer	7,168	-	7,168	7,167	1
	7,868	-	7,868	7,557	311
<b>Conservation Commission</b>	2,100	-	2,100	2,044	56

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, 2017**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
<b>Water Pollution Control Authority:</b>					
WPCA expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
WPCA engineering expenditures	-	-	-	-	-
WPCA auditing	-	-	-	-	-
	-	-	-	-	-
<b>Fixed Charges:</b>					
Town insurance	67,000	-	67,000	69,379	(2,379)
Volunteer fire co. insurance	26,800	-	26,800	25,000	1,800
Ambulance association insurance	11,160	-	11,160	10,748	412
Workers compensation insurance	19,268	-	19,268	19,657	(389)
Social security	122,662	-	122,662	111,390	11,272
Medical insurance	382,271	-	382,271	354,450	27,821
Employee benefits - pension	128,992	-	128,992	111,762	17,230
Volunteer incentive award - fire	33,000	-	33,000	28,952	4,048
Volunteer activity stipend - fire	48,000	-	48,000	48,000	-
Volunteer incentive ambulance	7,500	-	7,500	6,198	1,302
	846,653	-	846,653	785,536	61,117
<b>Elections and Town Meetings:</b>					
Salaries:					
Registrar of Voters	5,237	-	5,237	5,237	-
Registrar of Voters	5,237	-	5,237	5,237	-
Expenses	34,710	-	34,710	15,402	19,308
	45,184	-	45,184	25,876	19,308
<b>Town Hall:</b>					
Expenditures	47,000	-	47,000	41,910	5,090
Leasing equipment	12,000	-	12,000	6,976	5,024
Holly Green rental - nursing	7,000	-	7,000	6,249	751
Quarterly newsletter	4,400	-	4,400	4,302	98
	70,400	-	70,400	59,437	10,963
<b>Social Services/Welfare:</b>					
Welfare	3,000	-	3,000	2,384	616
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	500	-	500	500	-
Women's Center	2,500	-	2,500	2,500	-
Frank Olean Regional Center	1,000	-	1,000	1,000	-
NL County ARC	1,575	-	1,575	1,575	-
Easter Seals Rehabilitation Center	1,000	-	1,000	1,000	-
TVCCA	1,500	-	1,500	1,500	-
Literacy volunteers	500	-	500	500	-
Salvation Army	500	-	500	500	-
Mystic Shelter	2,000	-	2,000	2,000	-
United Way of SE CT	500	-	500	500	-
Sex assault crisis center	300	-	300	300	-
	42,875	-	42,875	42,259	616
<b>Selectmen's Engineering Service:</b>					
Engineering for selectmen	2,500	-	2,500	1,995	505
Inspection of existing roads	1,000	-	1,000	-	1,000
	3,500	-	3,500	1,995	1,505

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, 2017**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Information Technology:</b>					
Coordinator	\$ 47,486	\$ -	\$ 47,486	\$ 47,709	\$ (223)
Office expense	300	-	300	122	178
Digitized maintenance	9,000	-	9,000	6,506	2,494
Computer maintenance	16,725	11,590	28,315	24,364	3,951
	73,511	11,590	85,101	78,701	6,400
<b>Public Safety:</b>					
911 dispatching	52,819	-	52,819	52,819	-
Volunteer fire company	134,687	-	134,687	134,687	-
Fire Marshal	12,360	-	12,360	12,360	-
Fire Marshal operating expenditures	2,000	-	2,000	1,558	442
State troopers	398,775	-	398,775	342,689	56,086
State trooper DUI grant	70,000	-	70,000	39,350	30,650
State trooper rural road grant	10,000	-	10,000	-	10,000
State trooper citi grant	10,000	-	10,000	-	10,000
State trooper distracted driving	10,000	-	10,000	-	10,000
State trooper other grants	1	-	1	-	1
Civil preparedness agency stipend	6,367	-	6,367	6,365	2
Civil preparedness expenditures	3,000	-	3,000	983	2,017
Emergency generator service contract	1,800	-	1,800	1,424	376
Animal control salary	21,099	-	21,099	21,180	(81)
Animal control assistant salary	1,000	-	1,000	-	1,000
Animal control operating expenditures	7,500	-	7,500	4,938	2,562
Dog damages	1	-	1	-	1
Ambulance association	265,000	-	265,000	264,546	454
	1,006,409	-	1,006,409	882,899	123,510
<b>Public Works:</b>					
<b>Highway:</b>					
Local capital improvements	49,000	-	49,000	-	49,000
State aided - town roads	239,743	-	239,743	237,904	1,839
Town road maintenance	175,000	-	175,000	200,248	(25,248)
Town garage expenditures	23,000	-	23,000	22,992	8
Machinery and maintenance repairs	67,500	-	67,500	63,401	4,099
Street lights	9,200	-	9,200	11,340	(2,140)
Highway foreman	84,465	-	84,465	84,746	(281)
Labor	559,940	-	559,940	527,357	32,583
Supplies	36,000	-	36,000	31,519	4,481
Diesel and gas	55,000	-	55,000	43,912	11,088
Town property - maintenance	7,500	-	7,500	9,677	(2,177)
Town property - labor	14,200	-	14,200	14,200	-
Tree warden	1,500	-	1,500	1,500	-
Hewitt farm property	5,000	-	5,000	1,838	3,162
Tree maintenance	18,000	-	18,000	16,600	1,400
Contracted services	11,000	-	11,000	16,042	(5,042)
	1,356,048	-	1,356,048	1,283,276	72,772

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, 2017**

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Sanitary Landfill:</b>					
Labor	\$ 179,304	\$ -	\$ 179,304	\$ 169,844	\$ 9,460
Cover material	1	-	1	-	1
State mandated surveys	3,500	-	3,500	-	3,500
State license fees	3,200	-	3,200	2,644	556
SCRRA - tipping fees	162,500	-	162,500	189,734	(27,234)
SCRRA - membership fee	500	-	500	-	500
Hazardous waste collection	1,500	-	1,500	-	1,500
Water sampling /lab testing	16,215	-	16,215	16,860	(645)
Transfer station expenditures	11,750	-	11,750	10,515	1,235
Contractual services	16,500	-	16,500	23,225	(6,725)
	394,970	-	394,970	412,822	(17,852)
Total public works	1,751,018	-	1,751,018	1,696,098	54,920
<b>Conservation of Health:</b>					
Public Health Nursing/VNA	1,796	-	1,796	1,486	310
Hepatitis B vaccinations	1,350	-	1,350	-	1,350
Director of Health	6,625	-	6,625	6,625	-
Director of Health operating expenditures	500	-	500	-	500
Sanitarian food service wages	6,000	-	6,000	4,895	1,105
Sanitarian well and septic salary	16,080	-	16,080	15,634	446
Sanitarian operating expenditures	400	-	400	-	400
	32,751	-	32,751	28,640	4,111
<b>Senior Citizens:</b>					
Agent for the Elderly wages	12,365	-	12,365	12,413	(48)
Agent for the Elderly operating expenditures	500	-	500	-	500
Senior Citizens Center Coordinator	21,930	-	21,930	22,014	(84)
Senior Citizens Center - operating expenditures	25,500	-	25,500	23,362	2,138
	60,295	-	60,295	57,789	2,506
<b>Miscellaneous:</b>					
Cemeteries	5,000	-	5,000	3,474	1,526
Tax refunds	1	-	1	8,996	(8,995)
Annual memberships and dues	3,800	-	3,800	3,320	480
Wheeler Library	30,000	-	30,000	30,000	-
Miscellaneous	750	-	750	656	94
	39,551	-	39,551	46,446	(6,895)
<b>Total general government expenditures</b>	<b>4,852,150</b>	<b>-</b>	<b>4,852,150</b>	<b>4,460,971</b>	<b>391,179</b>

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, 2017**

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
<b>Redemption of Debt:</b>					
ESC BAN principal	\$ -	\$ 415,000	\$ 415,000	\$ 415,000	\$ -
BAN Interest	4,470	-	4,470	4,532	(62)
BAN principal	300,000	-	300,000	300,000	-
BAN principal	35,000	-	35,000	35,000	-
	<b>339,470</b>	<b>415,000</b>	<b>754,470</b>	<b>754,532</b>	<b>(62)</b>
<b>Education</b>	<b>12,875,068</b>	<b>-</b>	<b>12,875,068</b>	<b>12,753,559</b>	<b>121,509</b>
<b>Capital Outlay:</b>					
<b>Public Works:</b>					
Miscellaneous equipment	5,000	-	5,000	5,000	-
Sweeper	38,973	-	38,973	38,973	-
Dump truck refurbish	10,000	-	10,000	10,000	-
	<b>53,973</b>	<b>-</b>	<b>53,973</b>	<b>53,973</b>	<b>-</b>
<b>Selectmen:</b>					
Ambulance equipment	17,500	-	17,500	17,500	-
Computer - Town Hall	13,500	-	13,500	13,500	-
Recreation lighting conversion	-	-	-	-	-
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	30,000	-	30,000	30,000	-
Town clerk - records preservation	-	-	-	-	-
Fire company - equipment/hose	4,500	-	4,500	4,486	14
Farm house repairs	10,000	-	10,000	10,000	-
Fire company - turnout gear	13,600	-	13,600	13,171	429
Fire company - forestry	135,000	19,700	154,700	154,700	-
Abate & demo Town buildings	60,000	-	60,000	60,000	-
Civil preparedness	1,000	-	1,000	1,000	-
NSAA ambulance	-	-	-	-	-
Wheeler Library book drop	5,000	-	5,000	5,000	-
Boombridge	-	-	-	-	-
Fire company - scuba	7,400	-	7,400	6,531	869
	<b>311,500</b>	<b>19,700</b>	<b>331,200</b>	<b>329,888</b>	<b>1,312</b>
<b>Assessor Revaluation Expense</b>	<b>30,000</b>	<b>-</b>	<b>30,000</b>	<b>30,000</b>	<b>-</b>
<b>Nonrecurring School Expenditures</b>	<b>15,000</b>	<b>-</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>
<b>ESC capital</b>	<b>415,000</b>	<b>(415,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital outlay</b>	<b>825,473</b>	<b>(395,300)</b>	<b>430,173</b>	<b>428,861</b>	<b>1,312</b>
<b>Total expenditures</b>	<b>\$ 18,892,161</b>	<b>\$ 19,700</b>	<b>\$ 18,911,861</b>	<b>\$ 18,397,923</b>	<b>\$ 513,938</b>

See accompanying Independent Auditors' Report.

TOWN OF NORTH STONINGTON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	School Lunch Fund	Education Grants	Inland Wetland Mitigation	Open Space	C-PACE	Scholarships Held by School	Housing Rehab Program	Total
<b><u>Assets</u></b>								
Cash and cash equivalents	\$ 59,624	\$ -	\$ -	\$ -	\$ 1,000	\$ 38,001	\$ -	\$ 98,625
Receivables	7,872	-	-	-	-	-	-	7,872
Inventory	3,488	-	-	-	-	-	-	3,488
Due from other funds	-	9,671	13,256	9,997	-	-	-	32,924
<b>Total assets</b>	<b>\$ 70,984</b>	<b>\$ 9,671</b>	<b>\$ 13,256</b>	<b>\$ 9,997</b>	<b>\$ 1,000</b>	<b>\$ 38,001</b>	<b>\$ -</b>	<b>\$ 142,909</b>
<b><u>Liabilities and Fund Balances (Deficits)</u></b>								
<b>Liabilities:</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	9,600	-	-	-	-	-	-	9,600
Deferred grant revenue	-	15,241	-	-	-	-	-	15,241
<b>Total liabilities</b>	<b>9,600</b>	<b>15,241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,841</b>
<b>Fund Balances (Deficits):</b>								
Nonspendable	3,488	-	-	-	-	-	-	3,488
Restricted	-	-	-	-	-	38,001	-	38,001
Committed	-	-	13,256	9,997	-	-	-	23,253
Assigned	57,896	-	-	-	1,000	-	-	58,896
Unassigned	-	(5,570)	-	-	-	-	-	(5,570)
<b>Total fund balances (deficits)</b>	<b>61,384</b>	<b>(5,570)</b>	<b>13,256</b>	<b>9,997</b>	<b>1,000</b>	<b>38,001</b>	<b>-</b>	<b>118,068</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 70,984</b>	<b>\$ 9,671</b>	<b>\$ 13,256</b>	<b>\$ 9,997</b>	<b>\$ 1,000</b>	<b>\$ 38,001</b>	<b>\$ -</b>	<b>\$ 142,909</b>

See accompanying Independent Auditors' Report.

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)  
FOR THE YEAR ENDED JUNE 30, 2017**

	School Lunch Fund	Education Grants	Inland Wetland Mitigation	Open Space	C-PACE	Scholarships Held by School	Housing Rehab Program	Total
<b>Revenues:</b>								
Intergovernmental	\$ 67,492	\$ 322,550	\$ -	\$ -	\$ -	\$ -	\$ 167,490	\$ 557,532
Local	157,437	-	8	9	16,278	2,910	-	176,642
<b>Total revenues</b>	<u>224,929</u>	<u>322,550</u>	<u>8</u>	<u>9</u>	<u>16,278</u>	<u>2,910</u>	<u>167,490</u>	<u>734,174</u>
<b>Expenditures:</b>								
Current:								
General government	-	-	-	-	15,278	-	167,490	182,768
Education	203,091	322,538	-	-	-	5,965	-	531,594
<b>Total expenditures</b>	<u>203,091</u>	<u>322,538</u>	<u>-</u>	<u>-</u>	<u>15,278</u>	<u>5,965</u>	<u>167,490</u>	<u>714,362</u>
<b>Excess of revenues over (under) expenditures</b>	<u>21,838</u>	<u>12</u>	<u>8</u>	<u>9</u>	<u>1,000</u>	<u>(3,055)</u>	<u>-</u>	<u>19,812</u>
<b>Other Financing Sources (Uses):</b>								
Transfers in (out)	-	-	-	3,200	-	-	-	3,200
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200</u>
<b>Net change in fund balances (deficits)</b>	<u>21,838</u>	<u>12</u>	<u>8</u>	<u>3,209</u>	<u>1,000</u>	<u>(3,055)</u>	<u>-</u>	<u>23,012</u>
<b>Fund balances (deficits), beginning of year</b>	<u>39,546</u>	<u>(5,582)</u>	<u>13,248</u>	<u>6,788</u>	<u>-</u>	<u>41,056</u>	<u>-</u>	<u>95,056</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ 61,384</u>	<u>\$ (5,570)</u>	<u>\$ 13,256</u>	<u>\$ 9,997</u>	<u>\$ 1,000</u>	<u>\$ 38,001</u>	<u>\$ -</u>	<u>\$ 118,068</u>

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**FIDUCIARY FUNDS  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

	<u>General Government Retirement</u>	<u>Board of Education Retirement</u>	<u>Total</u>
<b><u>Assets</u></b>			
Investments	\$ 2,032,344	\$ 1,083,643	\$ 3,115,987
Other receivables	98,805	-	98,805
<b>Total assets</b>	<u>\$ 2,131,149</u>	<u>\$ 1,083,643</u>	<u>\$ 3,214,792</u>
<b><u>Fund Balances</u></b>			
<b>Fund Balances:</b>			
Held in trust for pension benefits and other purposes	<u>\$ 2,131,149</u>	<u>\$ 1,083,643</u>	<u>\$ 3,214,792</u>
<b>Total fund balances</b>	<u>\$ 2,131,149</u>	<u>\$ 1,083,643</u>	<u>\$ 3,214,792</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, 2017**

	General Government Retirement	Board of Education Retirement	Total
<b><u>Additions:</u></b>			
Employer contributions	\$ 119,695	\$ 65,048	\$ 184,743
Investment earnings	166,313	27,203	193,516
<b>Total additions</b>	<u>286,008</u>	<u>92,251</u>	<u>378,259</u>
<b><u>Deductions:</u></b>			
Distributions	<u>83,521</u>	<u>168,374</u>	<u>251,895</u>
<b>Total deductions</b>	<u>83,521</u>	<u>168,374</u>	<u>251,895</u>
<b>Net increase (decrease)</b>	202,487	(76,123)	126,364
<b>Fund balances, beginning of year</b>	<u>1,928,662</u>	<u>1,159,766</u>	<u>3,088,428</u>
<b>Fund balances, end of year</b>	<u><u>\$ 2,131,149</u></u>	<u><u>\$ 1,083,643</u></u>	<u><u>\$ 3,214,792</u></u>

See accompanying Independent Auditors' Report.



TOWN OF NORTH STONINGTON, CONNECTICUT

**FIDUCIARY FUNDS  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2017**

	Student Activity Fund	Performance Bonds	Total
<b><u>Assets</u></b>			
Beginning balance - cash	\$ 74,660	\$ 136,735	\$ 211,395
Additions	256,486	7,539	264,025
Deductions	258,209	14,166	272,375
<b>Ending balance - cash</b>	<u>72,937</u>	<u>130,108</u>	<u>203,045</u>
 <b>Total assets</b>	 <u>\$ 72,937</u>	 <u>\$ 130,108</u>	 <u>\$ 203,045</u>
 <b><u>Liabilities</u></b>			
Beginning balance - due to student groups	\$ 74,660	\$ -	\$ 74,660
Additions	256,486	-	256,486
Deductions	258,209	-	258,209
<b>Ending balance - due to student groups</b>	<u>72,937</u>	<u>-</u>	<u>72,937</u>
 Beginning balance - due to developers	-	116,699	116,699
Additions	-	3,002	3,002
Deductions	-	12,846	12,846
<b>Ending balance - due to developers</b>	<u>-</u>	<u>106,855</u>	<u>106,855</u>
 Beginning balance - due to other funds	-	20,036	20,036
Additions	-	3,278	3,278
Deductions	-	61	61
<b>Ending balance - due to other funds</b>	<u>-</u>	<u>23,253</u>	<u>23,253</u>
 <b>Total liabilities</b>	 <u>\$ 72,937</u>	 <u>\$ 130,108</u>	 <u>\$ 203,045</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, 2017**

	Beginning Balance	General Fund Budget	Additional Transfers	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
<b>Restricted fund balance</b>								
Town Clerk document restoration	\$ 2,846	\$ 1,512	\$ -	\$ -	\$ -	\$ 4,358	\$ -	\$ 4,358
LOCIP capital improvements	23,316	1,932	-	-	-	25,248	-	25,248
<b>Total restricted</b>	<u>26,162</u>	<u>3,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,606</u>	<u>-</u>	<u>29,606</u>
<b>Committed fund balance</b>								
Revaluation	65,538	30,000	-	-	-	95,538	-	95,538
Town equipment	10,298	5,000	-	-	-	15,298	-	15,298
Nonrecurring school funds	59,214	15,000	-	-	-	74,214	9,821	64,393
Emergency Services Center	-	415,000	(415,000)	-	-	-	-	-
Town Clerk preservation	12,000	-	-	-	-	12,000	10,969	1,031
<b>Total committed</b>	<u>147,050</u>	<u>465,000</u>	<u>(415,000)</u>	<u>-</u>	<u>-</u>	<u>197,050</u>	<u>20,790</u>	<u>176,260</u>
<b>Total</b>	<u>\$ 173,212</u>	<u>\$ 468,444</u>	<u>\$ (415,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,656</u>	<u>\$ 20,790</u>	<u>\$ 205,866</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, 2017**

	Beginning Balance	General Fund Budget	Additional Transfers	Internal Transfers	Revenues	Total Available	Expenditures	Ending Balance
<b>Restricted fund balance</b>								
Water study 1-95 (STEAP)	\$ 36,895	\$ -	\$ -	\$ -	\$ -	\$ 36,895	\$ 216	\$ 36,679
Sewer study (STEAP)	147,030	-	-	-	-	147,030	2,212	144,818
Village water line (STEAP)	243,243	-	-	-	-	243,243	7,188	236,055
<b>Total restricted</b>	<u>427,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>427,168</u>	<u>9,616</u>	<u>417,552</u>
<b>Committed fund balance</b>								
Boombridge	153,241	-	-	-	-	153,241	22,072	131,169
Ambulance Association equipment	15,547	17,500	(15,546)	-	-	17,501	14,994	2,507
Town Hall computer	(612)	13,500	-	-	-	12,888	12,888	-
Selectmen furniture	-	1,500	-	-	-	1,500	186	1,314
Transfer station improvements	179	-	(179)	-	-	-	-	-
Wheeler Library book drop	-	5,000	-	-	-	5,000	5,000	-
Hewitt Dam	17,899	-	-	-	-	17,899	17,899	-
Land acquisition	40,000	10,000	-	-	-	50,000	-	50,000
Town building repair	60,053	30,000	-	-	-	90,053	49,388	40,665
Civil preparedness	2	1,000	(2)	-	-	1,000	-	1,000
Narrow band radio upgrade	116,780	-	-	-	-	116,780	15,485	101,295
Recreation pavilion & fields	386	2,500	(244)	-	-	2,642	400	2,242
Town buildings - abate and demolish	-	60,000	-	-	-	60,000	350	59,650
Farm house	-	10,000	-	-	-	10,000	9,550	450
NSAA ambulance	213,900	-	-	-	-	213,900	-	213,900
Recreation area light	24,390	-	-	-	-	24,390	10,534	13,856
Fire Department training, rescue, scuba gear, hose	-	25,500	7,600	-	-	33,100	33,100	-
Sweeper	-	38,973	-	-	-	38,973	38,973	-
Forestry truck	-	135,000	19,700	-	-	154,700	109	154,591
Bucket truck (used)	10,000	10,000	-	-	-	20,000	9,900	10,100
<b>Total committed</b>	<u>651,765</u>	<u>360,473</u>	<u>11,329</u>	<u>-</u>	<u>-</u>	<u>1,023,567</u>	<u>240,828</u>	<u>782,739</u>
<b>Total</b>	<u>\$ 1,078,933</u>	<u>\$ 360,473</u>	<u>\$ 11,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,450,735</u>	<u>\$ 250,444</u>	<u>\$ 1,200,291</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, 2017**

	<b>Budgeted Amounts</b>				<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Transfers</b>	<b>Final</b>	<b>Actual</b>	
Salaries:					
Central office	\$ 636,572	\$ 27,194	\$ 663,766	\$ 656,945	\$ 6,821
Administrators	374,652	-	374,652	374,652	-
Teachers	5,877,939	(29,260)	5,848,679	5,851,122	(2,443)
Guidance	120,705	(1,326)	119,379	119,379	-
Secretarial	163,956	(4,587)	159,369	160,561	(1,192)
Teacher assistants	322,856	-	322,856	287,979	34,877
Library/media	128,851	-	128,851	128,851	-
Custodial/grounds	423,735	(18,196)	405,539	399,986	5,553
Central office	161,991	(5,698)	156,293	158,219	(1,926)
Contracted services	69,000	-	69,000	59,589	9,411
Text books	6,000	8,426	14,426	14,525	(99)
Library books	14,500	1,174	15,674	15,605	69
Instructional supplies	143,381	72,726	216,107	202,033	14,074
Other expenses, schools	158,193	37,638	195,831	191,799	4,032
Supplies, health	4,000	(1,009)	2,991	2,991	-
Transportation	1,000,706	(79,924)	920,782	920,782	-
Heat	110,350	(29,122)	81,228	84,346	(3,118)
Utilities	210,147	23,256	233,403	196,286	37,117
Custodial supplies	92,900	(33,193)	59,707	59,234	473
Postage	9,208	-	9,208	8,956	252
Maintenance services	335,859	(137,349)	198,510	194,867	3,643
Lease of equipment	41,876	-	41,876	38,230	3,646
Replacement of equipment	3,000	102,183	105,183	105,183	-
Social security	203,391	1,133	204,524	206,740	(2,216)
Employee benefits	1,816,205	(82,352)	1,733,853	1,732,936	917
Employee retirement	76,337	389	76,726	76,726	-
Student activities	108,230	(29,336)	78,894	77,795	1,099
Equipment	5,000	143,464	148,464	138,080	10,384
Tuition	255,528	33,769	289,297	289,162	135
<b>Total expenditures</b>	<b>\$ 12,875,068</b>	<b>\$ -</b>	<b>\$ 12,875,068</b>	<b>\$ 12,753,559</b>	<b>\$ 121,509</b>

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, 2017**

Total tax collections including interest and lien fees for the year ended June 30, 2016	\$ 13,826,930
Reimbursement for revenue loss on:	
Tax Relief for Elderly (CGS 12-129d)	33,633
<b>Base</b>	<b><u>\$ 13,860,563</u></b>

	<u>General</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
<b>Debt Limitation:</b>					
2 1/4 times base	\$ 31,186,267	\$	\$	\$	\$
4 1/2 times base		62,372,534			
3 3/4 times base			51,977,111		
3 1/4 times base				45,046,830	
3 times base					41,581,689
<b>Total debt limitation</b>	<u>31,186,267</u>	<u>62,372,534</u>	<u>51,977,111</u>	<u>45,046,830</u>	<u>41,581,689</u>
<b>Indebtedness:</b>					
Bond anticipation notes payable	5,556,000	1,590,000	-	-	-
Authorized but unissued	804,000	-	-	-	-
<b>Total indebtedness</b>	<u>6,360,000</u>	<u>1,590,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt limitation in excess of     outstanding and authorized debt</b>	<u><u>\$ 24,826,267</u></u>	<u><u>\$ 60,782,534</u></u>	<u><u>\$ 51,977,111</u></u>	<u><u>\$ 45,046,830</u></u>	<u><u>\$ 41,581,689</u></u>

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

**TOWN OF NORTH STONINGTON, CONNECTICUT**

**REPORT OF THE TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Grand List October 1,</b>	<b>Taxes Receivable July 1, 2016</b>	<b>Lawful Corrections</b>		<b>Suspense Transfers</b>	<b>Adjusted Taxes Receivable</b>	<b>Collections</b>			<b>Taxes Receivable June 30, 2017</b>
		<b>Additions</b>	<b>Deductions</b>			<b>Taxes</b>	<b>Interest and Liens</b>	<b>Total</b>	
2015	\$ 13,953,066	\$ 114,213	\$ 54,233	\$ -	\$ 14,013,046	\$ 13,706,986	\$ 51,409	\$ 13,758,395	\$ 306,060
2014	357,711	166	5,963	(291)	351,623	140,486	34,028	174,514	211,137
2013	202,096	298	4,910	(5,580)	191,904	34,305	14,149	48,454	157,599
2012	41,432	-	342	(13,445)	27,645	11,915	8,632	20,547	15,730
2011	36,503	-	-	(26,140)	10,363	3,824	2,786	6,610	6,539
2010	28,343	-	-	(20,975)	7,368	-	34	34	7,368
2009	25,865	-	-	(21,684)	4,181	-	105	105	4,181
2008	19,144	-	-	(13,358)	5,786	129	592	721	5,657
2007	2,571	-	-	-	2,571	-	-	-	2,571
2006	2,292	-	-	-	2,292	-	-	-	2,292
2005	2,281	-	-	-	2,281	-	-	-	2,281
2004	1,225	-	-	-	1,225	-	-	-	1,225
2003	1,029	-	-	-	1,029	-	-	-	1,029
2002	955	-	-	-	955	-	-	-	955
2001	1,047	-	-	-	1,047	-	-	-	1,047
	<u>\$ 14,675,560</u>	<u>\$ 114,677</u>	<u>\$ 65,448</u>	<u>\$ (101,473)</u>	<u>\$ 14,623,316</u>	<u>\$ 13,897,645</u>	<u>\$ 111,735</u>	<u>\$ 14,009,380</u>	<u>\$ 725,671</u>

See accompanying Independent Auditors' Report.