

Annual Financial Report
of the
Town of Stonington, Connecticut
Year Ended June 30, 2013

Town of Stonington, Connecticut

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Introductory Section

Town of Stonington, Connecticut

**List of Principal Officials
June 30, 2013**

Board of Selectmen

Edward Haberek, Jr., First Selectman
George A. Crouse, Selectman
Glee A. McAnanly, Selectman

Board of Finance

Glenn J. Frishman, Chairman
John O'Brien
Bryan Bentz
Sandy Grimes
Dudley Wheeler Sr.
June Strunk

Town Departments

Maryanna Stevens CPA, Director of Finance
Martha Brown Booker, Treasurer
Judith Samoker, School Finance Manager
Marsha Standish, Assessor
Gisela Harma, Tax Collector
Dr. Van W. Riley, Superintendent of Schools
Joseph J. Bragaw, Public Works Director
Thomas Gilligan, Director - W.P.C.A.
Cynthia Costa Ladwig, Town Clerk
J. Darren Stewart, Chief of Police
Wayne Green, Building Official
Lawrence Sullivan, Town Engineer
Vincent Pacileo III, Director of Administrative Services
John Phetteplace – Solid Waste Manager

Auditors

CohnReznick LLP

Financial Section

Independent Auditor's Report

Board of Finance
Town of 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 Stonington, Connecticut, as of and for the year ended June 30, 2013, 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.

Auditor's 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 auditor's 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 of Stonington, Connecticut, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof 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 and the schedules of Funding Progress and Employer Contributions - Stonington Retirement Systems and Other Post-Employment Benefit Plan on pages 5-13 and pages 57 and 58, respectively, 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 of Stonington, Connecticut's basic financial statements. The introductory section, supplemental schedules and trend information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of Federal awards and the schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Act and are also not a required part of the financial statements.

The supplemental schedule, the schedule of expenditures of Federal awards and the schedule of expenditures of state financial assistance 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 supplemental schedules, the schedule of expenditures of Federal awards and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

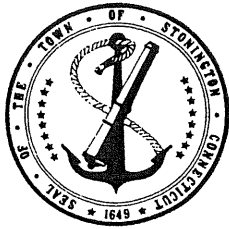
The introductory and trend information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013, on our consideration of the Town of Stonington, Connecticut'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 of Stonington, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CohnReznick LLP".

New London, Connecticut
December 23, 2013



TOWN OF STONINGTON

152 Elm Street • P.O.Box 352 • Stonington, Connecticut 06378-0352

Management's Discussion and Analysis June 30, 2013

As management of the Town of Stonington, Connecticut, we offer readers of the Town of Stonington's financial statements this narrative overview and analysis of the financial activities of the Town of Stonington for the fiscal year ended June 30, 2013. Please read it in conjunction with the Town's financial statements immediately following this section.

Financial Highlights

- ♦ The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$114,257,063 (net position).
- ♦ The Town's total net position increased by \$2,432,203. Factors leading to this increase include an increase in the Town's infrastructure due to a large paving project of multiple town roads and a decrease in noncurrent liabilities, specifically debt service and compensated absences.
- ♦ As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$22,287,201, a decrease of \$5,834,688 in comparison with the prior year.
- ♦ At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,144,077, or 21.7% of total general fund budgetary expenditures and transfers.
- ♦ The Town of Stonington's total long-term debt decreased by \$3,342,926 during the current fiscal year. The key factor for the decrease was the principal payments on current debt and no issuance of new debt.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Stonington's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. The statement of fiduciary net position is used to present financial information about activities for which the Town acts solely as an agent for the benefit of employees and others.

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 a private-sector business.

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. 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 changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement are for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, highway department, sanitation and waste removal, health and welfare, library, recreation and education.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental funds (continued)

The Town maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Bonded Capital Projects, which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on Schedules 4 and 5.

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

Proprietary funds

The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its self-insured medical benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post employment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and other post employment benefits.

Government-Wide Financial Analysis

Town of Stonington, Connecticut Statement of Net Position

	2013	2012
	<hr/>	<hr/>
Current and other assets	\$ 34,802,227	\$ 38,655,768
Capital assets (net)	<hr/> 124,504,962	<hr/> 119,687,875
Total assets	<hr/> 159,307,189	<hr/> 158,343,643
Deferred outflows of resources	<hr/> 1,599,925	<hr/> 1,684,132
Other liabilities	9,214,951	7,135,439
Long-term liabilities	<hr/> 37,435,100	<hr/> 41,067,476
Total liabilities	<hr/> 46,650,051	<hr/> 48,202,915
Net position:		
Investment in capital assets	92,169,328	89,588,921
Restricted	656,450	435,005
Unrestricted	<hr/> 21,431,285	<hr/> 21,800,934
Total net position	<hr/> \$ 114,257,063	<hr/> \$ 111,824,860

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$114,257,063 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (80.7%) reflects its investment in capital assets (e.g., land, construction in progress, land and building improvements, buildings, machinery, equipment, infrastructure and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the Town's net position, 0.6%, represents resources that are subject to external restrictions on how they may be used.

The remaining balance, or 18.7%, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in the three categories of net position for the Town as a whole.

Governmental activities**Town of Stonington, Connecticut
Statements of Changes in Net Position**

	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 5,999,071	\$ 5,831,491
Operating grants and contributions	7,746,843	7,436,627
Capital grants and contributions	647,508	425,334
General revenues:		
Property taxes	50,686,298	49,810,644
Investment income	171,959	167,948
Miscellaneous	13,969	56,273
Total revenues	65,265,648	63,728,317
Expenses:		
General government	6,683,580	5,853,817
Public safety	5,521,224	5,581,519
Highway department	3,664,057	3,511,527
Sanitation and waste removal	5,393,478	5,326,217
Health and welfare	720,024	777,536
Library	284,810	269,810
Recreation	174,252	297,402
Education	38,918,207	37,414,978
Interest on long-term debt	1,473,813	888,461
Total expenses	62,833,445	59,921,267
Increase in net position	2,432,203	3,807,050
Net position - July 1	111,824,860	108,017,810
Net position - June 30	\$ 114,257,063	\$ 111,824,860

For governmental activities, approximately 77.66% of revenues were derived from property taxes, followed by grants and contributions 12.87%, charges for services 9.19% and investment earnings/miscellaneous 0.28%.

Major revenue factors included:

- ♦ Property tax revenues recorded during the fiscal year reflect an increase of 1.8% due to the increase in the mill rate of 1.7% from 15.63 in 2011-12 to 15.89 in 2012-13.

Governmental activities (continued)

For governmental activities, approximately 61.94% of the Town's expenses relates to education, followed by 10.64% to general government, 8.79% to public safety, 8.58% to sanitation and waste removal, 5.83% to highway department, 2.35% to interest on long-term debt, 1.14% to health and welfare, 0.28% to recreation and 0.45% to library.

- ♦ Education expenditures in the general fund increased by 4.0% from \$37.4 million to \$38.9 million due to a 3.15% increase in the appropriation during the budget process and the remaining increase attributable to an increase in Federal grants.
- ♦ General government increased by 14.2% from \$5.8 million to \$6.7 million mainly due to community development block grant and planning and development grant fund expenditures during the current year.
- ♦ Interest on long term debt increased by \$585,000 due to the issuance of \$12,000,000 in 2011-2012 of general obligation bonds for the WPCA renovation project.

Financial Analysis of the Town's Funds

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

Governmental funds

In the governmental funds, fund balance is reported in 5 categories. The following are the categories and definitions:

Nonspendable fund balance - cannot be spent because of their form or must be maintained intact.

Restricted fund balance - limitations imposed by external parties, grantors or by legislation.

Committed fund balance - can only be spent for specific purposes as established by the government's highest level of decision-making authority or contractual obligations.

Assigned fund balance - amounts that are intended for a specific purpose but do not meet the definition of restricted or committed (i.e., designated for subsequent year's budget).

Unassigned fund balance - amounts available for any purpose.

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$22,287,201, a decrease of \$5,834,688 in comparison with the prior year. \$12,144,077, or 54.5%, of this total amount constitutes unassigned fund balance.

Governmental funds (continued)

The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending due to the following:

1. Restricted due to grant restrictions or legal requirements (\$656,450).
2. Committed for Capital Projects, Sewer Assessments, Sewer Usage (\$6,300,112).
3. Assigned for subsequent year's budget, encumbrances or specific purposes (\$3,186,562).

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12,144,077, while total fund balance reached \$13,809,678. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21.7% of total general fund budgetary expenditures and transfers, while total fund balance represents 24.6% of that same amount.

During the current fiscal year, the fund balance of the Town's general fund decreased by \$337,197. The key factor for the decrease is due to a \$900,000 carry forward appropriation from 2011-12. The \$900,000 was expensed in 2011-12 for budgetary purposes.

The Bonded Capital Projects Fund had a decrease of \$5,656,323 in its fund balance due to expenditures related to the WPCA renovation project.

Proprietary fund

The Internal Service Fund is the Town's only proprietary fund. Unrestricted net position in the fund at year end were \$4,026,750, an increase of \$197,071 from the prior year

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$89,807. The difference between the original budget and the final budget is due to an additional appropriation approved by the Board of Finance:

- ♦ West Broad Street School Sprinkler system - \$89,807

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$124,504,962 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land and building improvements, buildings, machinery and equipment, infrastructure and vehicles.

**Town of Stonington, Connecticut
Capital Assets (Net of Depreciation)**

	2013	2012
	<hr/>	<hr/>
Land	\$ 11,028,391	\$ 11,028,391
Construction in progress	9,340,749	4,943,899
Land and building improvements	7,408,636	7,536,245
Buildings	37,504,524	38,784,146
Machinery and equipment	1,852,230	1,884,217
Infrastructure	56,696,354	54,931,242
Vehicles	674,078	579,735
	<hr/>	<hr/>
Total	<u>\$ 124,504,962</u>	<u>\$ 119,687,875</u>

The capital assets (net of depreciation) increased in the current year by \$4,817,087. The increase is due to the construction in progress for the WPCA treatment plants. In the current year, the Town had capital asset additions totaling \$8,318,810. The additions consisted mainly of the following items:

- ♦ Wastewater Treatment Facility - \$4,479,309
- ♦ Multiple vehicle purchases - \$315,260
- ♦ Multiple road paving and sidewalk projects - \$3,968,162

Additional information on the Town's capital assets can be found in Note III C.

Long-term and short-term debt

At the end of the fiscal year, the Town had bonded debt and clean water loans outstanding of \$36,276,538. All debt is backed by the full faith and credit of the Town.

**Town of Stonington, Connecticut
Outstanding Debt**

	2013	2012
	<hr/>	<hr/>
General obligation bonds and loans	<u>\$ 36,276,538</u>	<u>\$ 39,619,464</u>

During the current fiscal year, the Town's total long-term debt decreased by \$3,342,926. The key factor for the decrease was the principal payments on current debt and no issuance of new debt.

In February 2009, Moody's upgraded the Town's credit rating from a "Aa3" to a "Aa2" for general obligation debt.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$383,981,969, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III F.

Economic Factors and Next Year's Budgets and Rates

As of October 2013, the unemployment rate not seasonally adjusted for the Town was at 6.2%, which compares favorably to the state's average unemployment rate of 7.5% and a national unemployment rate of 7.0%.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Maryanna Stevens, CPA, Town of Stonington, 152 Elm Street, Stonington, CT 06378.

Basic Financial Statements

Town of Stonington, Connecticut

Statement of Net Position
June 30, 2013

	Governmental Activities
<u>Assets</u>	
Current assets:	
Cash	\$ 6,850,191
Investments	23,591,910
Receivables:	
Property taxes	639,675
Loans	224,200
Assessments/user charges	866,743
Intergovernmental	792,414
Other	407,633
Other	30,899
Total current assets	33,403,665
Noncurrent assets:	
Receivables (net):	
Property taxes	374,451
Assessments/user charges	219,124
Total receivables (net)	593,575
Other noncurrent assets:	
Net pension asset	701,976
Net OPEB asset	103,011
Total other noncurrent assets	804,987
Capital assets (net of accumulated depreciation):	
Land	11,028,391
Construction in progress	9,340,749
Land and building improvements	7,408,636
Buildings	37,504,524
Machinery and equipment	1,852,230
Infrastructure	56,696,354
Vehicles	674,078
Total capital assets	124,504,962
Total noncurrent assets	125,903,524
Total assets	159,307,189
<u>Deferred Outflows of Resources</u>	
Deferred charges on refunding	1,599,925

(Continued)

Town of Stonington, Connecticut

Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 4,822,553
Accrued payroll and related liabilities	257,967
Accrued interest payable	335,352
Unearned revenue	39,763
Internal balances	33,714
Bonds and notes payable	3,334,381
Compensated absences	366,221
Landfill postclosure costs	<u>25,000</u>
Total current liabilities	<u>9,214,951</u>
Noncurrent liabilities:	
Bonds, notes, and related liabilities	35,291,571
Compensated absences	1,464,883
Landfill postclosure costs	275,000
Heart and hypertension	<u>403,646</u>
Total noncurrent liabilities	<u>37,435,100</u>
Total liabilities	<u>46,650,051</u>
<u>Net Position</u>	
Net investment in capital assets	92,169,328
Restricted for:	
Public safety	5,146
Highway department	289,784
Sanitation and waste removal	203,662
Human services	18,031
Education	139,827
Unrestricted	<u>21,431,285</u>
Total net position	<u>\$ 114,257,063</u>
	(Concluded)

See Notes to Financial Statements.

Town of Stonington, Connecticut

Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 6,683,580	\$ 750,359	\$ 673,744	\$	\$ (5,259,477)
Public safety	5,521,224	112,167	67,816		(5,341,241)
Highway department	3,664,057	199,124	443,342	647,508	(2,374,083)
Sanitation and waste removal	5,393,478	4,091,222	32,999		(1,269,257)
Health and welfare	720,024	74,649	31,455		(613,920)
Library	284,810				(284,810)
Recreation	174,252	96,406			(77,846)
Education	38,918,207	675,144	6,497,487		(31,745,576)
Interest expense	1,473,813				(1,473,813)
Total governmental activities	<u>\$ 62,833,445</u>	<u>\$ 5,999,071</u>	<u>\$ 7,746,843</u>	<u>\$ 647,508</u>	<u>\$ (48,440,023)</u>
General revenues:					
Property taxes					\$ 50,686,298
Investment income					171,959
Miscellaneous					13,969
Total general revenues					<u>50,872,226</u>
Change in net position					2,432,203
Net position - July 1, 2012					<u>111,824,860</u>
Net position - June 30, 2013					<u>\$ 114,257,063</u>

See Notes to Financial Statements.

Town of Stonington, Connecticut

Balance Sheet
Governmental Funds
June 30, 2013

	General	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 5,189,907	\$	\$ 1,660,284	\$ 6,850,191
Investments	17,374,541		2,877,822	20,252,363
Receivables, net:				
Property taxes	851,672			851,672
Loans			224,200	224,200
Assessments/use charges			1,085,867	1,085,867
Intergovernmental	188,500	550,000	53,914	792,414
Other	407,509		124	407,633
Due from other funds	425,712	6,206,163	543,048	7,174,923
Other assets	30,899			30,899
Total assets	<u>\$ 24,468,740</u>	<u>\$ 6,756,163</u>	<u>\$ 6,445,259</u>	<u>\$ 37,670,162</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,729,525	\$ 2,418,445	\$ 245,583	\$ 4,393,553
Accrued payroll and related liabilities	257,967			257,967
Due to other funds	7,890,042	140	434,658	8,324,840
Unearned revenue	3,000		36,763	39,763
Total liabilities	<u>9,880,534</u>	<u>2,418,585</u>	<u>717,004</u>	<u>13,016,123</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue-property taxes	593,016			593,016
Unavailable revenue-sewer charges and assessments			814,110	814,110
Unavailable revenue-loans receivable			224,200	224,200
Unavailable revenue-intergovernmental receivable	185,512	550,000		735,512
Total deferred inflows of resources	<u>778,528</u>	<u>550,000</u>	<u>1,038,310</u>	<u>2,366,838</u>
<u>Fund Balances</u>				
Restricted			656,450	656,450
Committed		3,787,578	2,512,534	6,300,112
Assigned	1,665,601		1,520,961	3,186,562
Unassigned	12,144,077			12,144,077
Total fund balances	<u>13,809,678</u>	<u>3,787,578</u>	<u>4,689,945</u>	<u>22,287,201</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,468,740</u>	<u>\$ 6,756,163</u>	<u>\$ 6,445,259</u>	<u>\$ 37,670,162</u>

(Continued)

Town of Stonington, Connecticut

Reconciliation of Fund Balances
to Net Position of Governmental Activities
Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balances (Exhibit C, Page 1)	\$ 22,287,201
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning capital assets and current additions	128,006,685
Depreciation expense	(3,443,580)
Disposal of capital assets	(58,143)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Property tax interest and lien accrual	214,454
Property tax, sewer assessments and CDBG loan receivable-accrual basis change	1,631,326
Intergovernmental receivable-accrual basis change	735,512
Allowance for doubtful accounts	(52,000)
Net pension asset	701,976
Net OPEB asset	103,011
Internal service funds are used by management to charge the cost of medical insurance premiums to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	4,026,750
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bond and notes payable	(36,276,538)
Premiums	(2,349,414)
Deferred charges on refunding	1,599,925
Compensated absences	(1,831,104)
Landfill postclosure costs	(300,000)
Heart and hypertension	(403,646)
Accrued interest payable	(335,352)
Net position of governmental activities	<u>\$ 114,257,063</u>
	(Concluded)

See Notes to Financial Statements.

Town of Stonington, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013

	General	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 50,793,373	\$	\$	\$ 50,793,373
Intergovernmental	5,827,721		2,566,630	8,394,351
Charges for services	2,851,363		3,145,278	5,996,641
Revenues from use of Town money and property	167,220		4,149	171,369
Other			13,969	13,969
Total revenues	<u>59,639,677</u>	<u>-</u>	<u>5,730,026</u>	<u>65,369,703</u>
Expenditures:				
Current:				
General government	7,040,664		625,385	7,666,049
Public safety	4,407,861		47,272	4,455,133
Highway department	3,126,548		229,870	3,356,418
Sanitation and waste removal	2,338,083		2,427,530	4,765,613
Human services	362,316			362,316
Social services	210,131			210,131
Recreation	89,281		84,971	174,252
Libraries	284,810			284,810
Payments to other civic divisions	153,473			153,473
Education	36,055,893		1,723,034	37,778,927
Debt service	4,689,081			4,689,081
Capital outlay		5,656,323	1,651,865	7,308,188
Total expenditures	<u>58,758,141</u>	<u>5,656,323</u>	<u>6,789,927</u>	<u>71,204,391</u>
Excess (deficiency) of revenues over expenditures	<u>881,536</u>	<u>(5,656,323)</u>	<u>(1,059,901)</u>	<u>(5,834,688)</u>
Other financing sources (uses):				
Transfers in	45,000		1,263,733	1,308,733
Transfers out	<u>(1,263,733)</u>		<u>(45,000)</u>	<u>(1,308,733)</u>
Net other financing sources (uses)	<u>(1,218,733)</u>	<u>-</u>	<u>1,218,733</u>	<u>-</u>
Net change in fund balances	(337,197)	(5,656,323)	158,832	(5,834,688)
Fund balances - July 1, 2012	<u>14,146,875</u>	<u>9,443,901</u>	<u>4,531,113</u>	<u>28,121,889</u>
Fund balances - June 30, 2013	<u>\$ 13,809,678</u>	<u>\$ 3,787,578</u>	<u>\$ 4,689,945</u>	<u>\$ 22,287,201</u>

See Notes to Financial Statements.

Town of Stonington, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
Year Ended June 30, 2013**

Amounts reported for governmental activities in the statement of activities (Exhibit B) are due to:

Net change in fund balances - total governmental funds (Exhibit D) \$ (5,834,688)

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 in the current period:

Capital outlay	8,318,810
Depreciation expense	<u>(3,443,580)</u>
 Total	 <u>4,875,230</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold

(58,143)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not reported in the statement of activities:

Change in property tax, sewer assessments and CDBG loans receivable - accrual basis change	(111,412)
Change in property tax and sewer assessment interest and lien revenue	<u>6,767</u>
 Total	 <u>(104,645)</u>

The issuance of long-term debt (e.g., bonds, leases) 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:

Debt issued or incurred:	
Principal repayments	3,342,926
Premiums	160,924
Deferred charges on refunding	(84,207)
Other assets	<u>(236,250)</u>
 Total	 <u>3,183,393</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	173,590
Accrued interest payable	31,875
Net pension asset	(575)
Net OPEB asset	(29,104)
Heart and hypertension	(26,801)
Landfill postclosure costs	<u>25,000</u>
 Total	 <u>173,985</u>

Internal service funds are used by management to charge costs of medical insurance premiums to individual departments

196,481

The net revenues of the activities of the internal service fund is reported with governmental activities

590

Change in net position of governmental activities (Exhibit B)

\$ 2,432,203

See Notes to Financial Statements.

Town of Stonington, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 50,462,240	\$ 50,462,240	\$ 50,793,373	\$ 331,133
Intergovernmental	2,460,306	2,460,306	2,616,721	156,415
Charges for services	2,719,650	2,719,650	2,851,363	131,713
Revenues from use of Town money and property	142,500	142,500	167,220	24,720
Total revenues	55,784,696	55,784,696	56,428,677	643,981
Expenditures:				
Current:				
General government	7,281,852	7,286,710	7,075,613	211,097
Public safety	4,678,670	4,628,850	4,406,245	222,605
Highway department	2,195,029	2,200,958	2,197,564	3,394
Sanitation and waste removal	2,652,315	2,641,528	2,349,026	292,502
Human services	407,788	407,788	362,341	45,447
Social services	210,529	210,529	210,429	100
Recreation	96,349	96,349	92,531	3,818
Libraries	284,810	284,810	284,810	-
Payments to other civic divisions	153,473	153,473	153,473	-
Education	32,906,600	32,954,600	32,953,922	678
Debt service	4,694,175	4,694,175	4,689,081	5,094
Total expenditures	55,561,590	55,559,770	54,775,035	784,735
Excess of revenues over expenditures	223,106	224,926	1,653,642	1,428,716
Other financing sources (uses):				
Appropriation of fund balance	900,000	989,807		(989,807)
Cancellation of prior year encumbrances	4,000	4,000	40,439	36,439
Transfers in	45,000	45,000	45,000	-
Transfers out	(1,172,106)	(1,263,733)	(1,263,733)	-
Net other financing sources (uses)	(223,106)	(224,926)	(1,178,294)	(953,368)
Net change in fund balance	\$ -	\$ -	475,348	\$ 475,348
Fund balance - July 1, 2012			13,041,729	
Fund balance - June 30, 2013			\$ 13,517,077	

See Notes to Financial Statements.

Town of Stonington, Connecticut

Statement of Net Position
Proprietary Funds
June 30, 2013

	Governmental Activities
	<hr/>
	Internal Service Fund
	<hr/>
<u>Assets</u>	
Current assets:	
Investments	\$ 3,339,547
Due from other funds	<hr/> 1,116,203
Total current assets	<hr/> 4,455,750
<u>Liability</u>	
Current liability:	
Accounts payable	<hr/> 429,000
<u>Net Position</u>	
Unrestricted	<hr/> \$ 4,026,750

See Notes to Financial Statements.

Town of Stonington, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2013

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services	<u>\$ 6,793,382</u>
Operating expenses:	
Medical claims	5,544,424
Administration and other	<u>1,052,477</u>
Total operating expenses	<u>6,596,901</u>
Operating income (loss)	196,481
Nonoperating revenues:	
Investment income	<u>590</u>
Change in net position	197,071
Net position - July 1, 2012	<u>3,829,679</u>
Net position - June 30, 2013	<u><u>\$ 4,026,750</u></u>

See Notes to Financial Statements.

Town of Stonington, Connecticut

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013

	Governmental Activities
	<hr/>
	Internal Service Fund
	<hr/>
Cash flows from operating activities:	
Cash received for charges	\$ 6,072,326
Cash paid for claims and other	(5,544,424)
Cash paid for administration	(1,052,477)
	<hr/>
Net cash provided by (used in) operating activities	(524,575)
Cash flows from investing activities:	
Investment income	590
	<hr/>
Increase (decrease) in cash and cash equivalents	(523,985)
Cash and cash equivalents - July 1, 2012	3,863,532
	<hr/>
Cash and cash equivalents - June 30, 2013	\$ 3,339,547
	<hr/> <hr/>
Reconciliation to Exhibit G - Cash:	
Cash and cash equivalents per above	\$ 3,339,547
Cash and cash equivalents reported as investments	(3,339,547)
	<hr/>
Cash - Exhibit G	\$ -
	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ 196,481
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Receivables	25,054
Due from other funds	(746,110)
	<hr/>
Net cash provided by (used in) operating activities	\$ (524,575)
	<hr/> <hr/>

See Notes to Financial Statements.

Town of Stonington, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Pension Trust Fund	Police OPEB Trust Fund	OPEB Trust Fund	Private- Purpose Trust Fund	Agency Funds
<u>Assets</u>					
Cash	\$	\$ 7,276	\$	\$ 18,452	\$ 394,622
Investments:					
Certificates of deposit				133,454	
Pooled fixed income					79,472
Equities		227,981	127,377		
Corporate bonds		211,213	99,767		
U.S. government securities		143,423	118,897		
Equity mutual funds	16,512,361	179,595	152,296		
Money market mutual funds	370,218	79,239	85,135		
Fixed income mutual funds	8,585,138	39,044	70,047		
Municipal bonds		56,564	25,958		
Total investments	<u>25,467,717</u>	<u>937,059</u>	<u>679,477</u>	<u>133,454</u>	<u>79,472</u>
Due from other funds		12,000			21,714
Total assets	<u>25,467,717</u>	<u>956,335</u>	<u>679,477</u>	<u>151,906</u>	<u>495,808</u>
<u>Liability</u>					
Liability:					
Accounts payable					495,808
<u>Net Position</u>					
Net position held in trust for pension benefits and other trusts	<u>\$ 25,467,717</u>	<u>\$ 956,335</u>	<u>\$ 679,477</u>	<u>\$ 151,906</u>	<u>\$ -</u>

See Notes to Financial Statements.

Town of Stonington, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2013

	Pension Trust Fund	Police OPEB Trust Fund	OPEB Trust Fund	Private- Purpose Trust Fund
Additions:				
Contributions:				
Employer	\$ 1,130,478	\$ 59,947	\$ 90,000	\$ 8,350
Employee	240,959	47,947		
Total contributions	1,371,437	107,894	90,000	8,350
Investment income (loss):				
Net appreciation (depreciation) in fair value of investments	(3,423,839)	29,633	14,059	
Realized gains	5,233,046			
Interest and dividends	838,642	37,711	22,378	94
Total investment income (loss)	2,647,849	67,344	36,437	94
Less investment expense	103,935			
Net investment income (loss)	2,543,914	67,344	36,437	94
Total additions	3,915,351	175,238	126,437	8,444
Deductions:				
Benefits	1,196,093	13,317		7,267
Administration	24,948	12,977	6,963	
Total deductions	1,221,041	26,294	6,963	7,267
Change in net position	2,694,310	148,944	119,474	1,177
Net position - July 1, 2012	22,773,407	807,391	560,003	150,729
Net position - June 30, 2013	\$ 25,467,717	\$ 956,335	\$ 679,477	\$ 151,906

See Notes to Financial Statements.

Town of Stonington, Connecticut

Notes to Financial Statements

History and Organization

The Town of Stonington is located in the southeastern corner of Connecticut, bordering Rhode Island to the east, Long Island Sound to the south and Groton, Ledyard and North Stonington to the west and north. The Town, which covers 42.7 square miles, was settled in 1649. The Town operates under a Selectmen-Town Meeting form of government as prescribed by the Connecticut General Statutes and its charter, which was adopted November 7, 1989. The Town provides the following services as authorized by its charter: public safety, public works (streets and highways), sanitation, culture and recreation, planning, zoning, public health and social services, sewers and education encompassing grades pre-K through 12.

I. Summary of Significant Accounting Policies**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, proprietary 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.

B. 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 proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Town of Stonington, Connecticut

Notes to Financial Statements

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. General capital asset acquisitions are reported as expenditures in the governmental funds.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Bonded Capital Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for risk financing activities for medical insurance benefits as allowed by GASB Statement No. 10.

The *Pension Trust Fund* accounts for the activities of the Stonington Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Retiree Trust Fund* accounts for the activities of the Stonington Retiree Health Care Savings Account Plan, which accumulates resources for retiree health care benefits to qualified employees.

The *OPEB Trust Fund* accounts for the activities of the Town's OPEB Plan, which accumulates resources for retiree medical insurance benefits.

The *Private-Purpose Trust Fund* accounts for the activities of the Town's scholarships, which accumulates resources for local student education.

Town of Stonington, Connecticut

Notes to Financial Statements

The *Agency Funds* account for monies held on behalf of students, other community groups and performance bonds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain Town functions because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity**1. Deposits and Investments**

Deposits - The Town's cash and cash equivalents consists of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

The Town's pension funds are regulated by an approved investment policy, which is reviewed annually by the pension committee. The Town has agreements with the investment advisors, who manage the investment portfolios and have full authority for the investment and reinvestment of pension fund assets.

Investments for the Town are reported at fair value.

Town of Stonington, Connecticut

Notes to Financial Statements

2. Receivables and Payables**a. Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "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).

b. Property Taxes and Other Receivables

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 8% of outstanding receivable balances at June 30, 2013 and are calculated based upon prior collections.

In the fund financial statements, all property taxes and sewer usage receivables at June 30, which have not been collected within sixty days of June 30, have been recorded as deferred inflow of resources, since they are not considered to be available to finance expenditures of the current year. Taxes and sewer usage charges collected during the sixty day period have been recorded as revenue.

Loan receivables consist of Community Development Block Grant loans. The Town provides the low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicles taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

3. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for equipment, \$10,000 for improvements and \$50,000 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Town of Stonington, Connecticut

Notes to Financial Statements

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

<u>Assets</u>	<u>Years</u>
Land and building improvements	20-50
Buildings	50
Machinery and equipment	5-15
Infrastructure	20-65
Vehicles	5-10

4. Compensated Absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. The vesting method, using historical data, was used to calculate the liability.

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

Town of Stonington, Connecticut

Notes to Financial Statements

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town does not have any items that qualify for reporting in this category.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from four sources: property taxes, sewer charges and assessments, loans receivable and intergovernmental receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Fund Equity and Net Position

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

Net investment in Capital Assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position

This category presents the net position of the Town which is not restricted.

Town of Stonington, Connecticut**Notes to Financial Statements**

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by Town Meeting.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board or by a properly approved purchase order.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Town of Stonington, Connecticut**Notes to Financial Statements**

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

9. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, Compliance and Accountability**A. Budgets and Budgetary Accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The general fund is the only fund for which a legal budget is adopted.

- No later than January 1, each Department, Office, Board or Commission of the Town, supported wholly or in part by Town funds, or for which a specific Town appropriation is made, except the Board of Education, shall prepare and submit to the First Selectman a detailed estimate of the expenditures to be made and the anticipated revenue other than tax revenue to be received during the ensuing fiscal year. The Board of Education shall submit its budget request by March 1 to the Board of Finance. The First Selectman, after consultation with the Director of Finance, shall prescribe the format for budget presentation which shall include, at a minimum, comparative statistics for the current and preceding fiscal year operations.
- No later than the fifteenth day of March, the First Selectman shall present to the Board of Finance an itemized annual operating budget, including the Board of Education budget.

Town of Stonington, Connecticut**Notes to Financial Statements**

- The Board of Finance shall hold one (1) or more public hearings no later than the first Monday of May, at which time any elector or taxpayer may have an opportunity to be heard regarding appropriations for the ensuing fiscal year. Following receipt of the estimates from the First Selectman, the Board of Finance shall cause said estimates to be made available for review in the office of the Town Clerk. At least five (5) days before the aforementioned public hearing, the Board of Finance shall cause to be published in a newspaper having a substantial circulation in the Town, a notice of such public hearing and a summary of said proposed budget estimates which show the amount to be raised by taxation.

The Board of Finance shall have the authority to increase or decrease the budget submitted by the First Selectman. Within fifteen (15) days after holding the final such public hearing, the Board of Finance shall approve an operating budget and file the same with the Town Clerk for submission to the Annual Town Budget Meeting.

- There shall be a Town Meeting for the consideration of the budget to be held no later than the third Monday in May and at such place and time as the Board of Selectmen may determine. Said Meeting may be recessed as necessary. The budget adoption procedure shall be the following:
 - If the budget has not been submitted or petitioned to a Referendum, the budget as presented may be adopted by a majority vote of those present and voting thereon.
 - If the budget is rejected, it shall be returned to the Board of Finance who shall reconsider the budget and resubmit a budget to the recessed Town Meeting to be held no more than three (3) weeks after said rejection with at least (5) days published notice thereof.
 - The same steps and procedures, including published notices of meetings, shall be followed as outlined above until a budget has been adopted.
 - Any resubmitted budget may be submitted or petitioned to a Referendum.
 - In the event a budget has not been approved by June 15, the Board of Selectmen shall be empowered to set a mill rate in order to facilitate the preparation and mailing of tax bills at a level that in its best judgment will meet the needs of the Town for the ensuing year. In the event a budget has been adopted prior to June 15, the Board of Finance shall meet and set the mill rate at a level sufficient to meet the needs of the Town for the ensuing year.
- The Board of Finance, in accordance with the provisions of the Charter and the Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another. Management may not authorize any additional appropriations. All additional appropriations up to \$20,000 require Board of Finance approval. Those in excess of \$20,000 require full legislative approval (Town Meeting). The Board of Selectmen and the Board of Finance may approve additional appropriations cumulating no more than 0.5% of the current year operating budget. There were additional appropriations of \$89,807 made during the year.

Town of Stonington, Connecticut

Notes to Financial Statements

- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Board of Finance approval and, if over \$20,000, Town Meeting approval.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Budget - GAAP Reconciliation

A reconciliation of revenues, expenditures and fund balance between the accounting treatment required by GAAP (Exhibit D) and budgetary requirements (Exhibit F) is as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Balance, budgetary basis, Exhibit F - June 30, 2013	\$ 56,428,677	\$ 54,775,035	\$ 13,517,077
Encumbrances outstanding at June 30, 2012 liquidated during the year ended June 30, 2013		1,064,707	
Encumbrances outstanding at June 30, 2013, charged to budgetary expenditures		(292,601)	292,601
State Teachers' Retirement on-behalf payment	<u>3,211,000</u>	<u>3,211,000</u>	<u> </u>
Balance, GAAP Basis, Exhibit D - June 30, 2013	<u>\$ 59,639,677</u>	<u>\$ 58,758,141</u>	<u>\$ 13,809,678</u>

Town of Stonington, Connecticut

Notes to Financial Statements

III. Detailed Notes

A. Cash and Investments

1. Deposits - Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$18,272,305 of the Town's bank balance of \$19,678,963 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 16,320,075
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>1,952,230</u>
Total amount subject to custodial credit risk	<u>\$ 18,272,305</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

2. Investments - At June 30, 2013, the Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of Investment	Fair Value	N/A	Investment Maturities in Years			
			Less than One Year	1-5 Years	5-10 Years	Over 10 Years
Fixed income mutual funds	\$ 8,694,229	\$	\$ 8,694,229	\$	\$	\$
Equity mutual funds	16,844,252	16,844,252				
Money market mutual funds	534,592		534,592			
Money markets/CDs	11,871,192		9,656,213	2,214,979		
Pooled fixed income	11,933,644		11,933,644			
U.S. Government securities	262,320				24,261	238,059
Equities	355,358	355,358				
Corporate bonds	310,980			213,815	97,165	
Municipal bonds	<u>82,522</u>			<u>25,958</u>	<u>56,564</u>	
	<u>\$ 50,889,089</u>	<u>\$17,199,610</u>	<u>\$ 30,818,678</u>	<u>\$ 2,454,752</u>	<u>\$ 177,990</u>	<u>\$ 238,059</u>

Town of Stonington, Connecticut

Notes to Financial Statements

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut of political subdivision.

The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

Average Ratings	Pooled Fixed Income	Corporate Bonds	Municipal Bonds	U.S. Government Securities	Money Market Mutual Funds	Fixed Income Mutual Funds
AAA	\$ 11,933,644	\$ 28,938	\$	\$ 262,320	\$	\$
AA		24,188	54,338			
A		230,929				
BBB		26,925				
Unrated			28,184		534,592	8,694,229
Total	<u>\$ 11,933,644</u>	<u>\$ 310,980</u>	<u>\$ 82,522</u>	<u>\$ 262,320</u>	<u>\$ 534,592</u>	<u>\$ 8,694,229</u>

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, debentures, certificates of deposit and money funds.

The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk.

	Total	Less Insured Amounts	Amount Subject to Custodial Credit Risk
U.S. Government securities	\$ 262,320	\$	\$ 262,320
Equities	355,358	300,000	55,358
Municipal bonds	82,522		82,522
Corporate bonds	<u>310,980</u>	<u>200,000</u>	<u>110,980</u>
	<u>\$ 1,011,180</u>	<u>\$ 500,000</u>	<u>\$ 511,180</u>

Town of Stonington, Connecticut

Notes to Financial Statements

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts as of June 30, 2013, including the applicable allowances for uncollectible accounts, are presented below.

	<u>Property Taxes</u>		
	<u>Taxes</u>	<u>Interest & Lien Fees</u>	<u>Total</u>
Current portion	<u>\$ 511,003</u>	<u>\$ 128,672</u>	<u>\$ 639,675</u>
Long-term portion	<u>\$ 340,669</u>	<u>\$ 85,782</u>	<u>\$ 426,451</u>
Less allowance for uncollectibles	<u>(36,000)</u>	<u>(16,000)</u>	<u>(52,000)</u>
Net long-term portion	<u>\$ 304,669</u>	<u>\$ 69,782</u>	<u>\$ 374,451</u>

Receivables as of the year end for the Town's government-wide financial statements by type, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Sewer Use</u>				
	<u>Use</u>	<u>Interest & Lien Fees</u>	<u>Total</u>	<u>Sewer Assessment</u>	<u>Total</u>
Current portion	<u>\$ 847,945</u>	<u>\$ 4,067</u>	<u>\$ 852,012</u>	<u>\$ 14,731</u>	<u>\$ 866,743</u>
Long-term portion	<u>\$ 236,057</u>	<u>\$ 4,067</u>	<u>\$ 240,124</u>	<u>\$</u>	<u>\$ 240,124</u>
Less allowance for uncollectibles	<u>(21,000)</u>	<u></u>	<u>(21,000)</u>	<u></u>	<u>(21,000)</u>
Net long-term portion	<u>\$ 215,057</u>	<u>\$ 4,067</u>	<u>\$ 219,124</u>	<u>\$ -</u>	<u>\$ 219,124</u>

Town of Stonington, Connecticut

Notes to Financial Statements

C. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,028,391	\$	\$	\$ 11,028,391
Construction in progress	4,943,899	6,167,092	1,770,242	9,340,749
Total capital assets, not being depreciated	15,972,290	6,167,092	1,770,242	20,369,140
Capital assets, being depreciated:				
Land and building improvements	10,868,954	153,032		11,021,986
Buildings	66,497,368			66,497,368
Machinery and equipment	6,083,170	211,704	38,000	6,256,874
Infrastructure	82,424,746	3,241,604		85,666,350
Vehicles	3,409,136	315,620	875,707	2,849,049
Total capital assets being depreciated	169,283,374	3,921,960	913,707	172,291,627
Total capital assets	185,255,664	10,089,052	2,683,949	192,660,767
Less accumulated depreciation for:				
Land and building improvements	3,332,709	280,641		3,613,350
Buildings	27,713,222	1,279,622		28,992,844
Machinery and equipment	4,198,953	243,691	38,000	4,404,644
Infrastructure	27,493,504	1,476,492		28,969,996
Vehicles	2,829,401	163,134	817,564	2,174,971
Total accumulated depreciation	65,567,789	3,443,580	855,564	68,155,805
Total capital assets, being depreciated, net	103,715,585	478,380	58,143	104,135,822
Governmental activities capital assets, net	\$ 119,687,875	\$ 6,645,472	\$ 1,828,385	\$ 124,504,962

Town of Stonington, Connecticut

Notes to Financial Statements

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

General government	\$ 1,313,712
Public safety	103,007
Highway department	122,713
Sanitation and waste removal	620,418
Health and welfare	8,828
Education	<u>1,274,902</u>
Total depreciation expense	<u>\$ 3,443,580</u>

D. Interfund Accounts**1. Interfund Payables and Receivables**

A summary of interfund balances as of June 30, 2013 is as follows:

	Corresponding Fund	Due From	Due To
<u>Major funds</u>			
General fund:			
Shellfish fund	N/A	\$ 813	\$
Town aid road fund	N/A		289,784
Dog license fund	N/A		13,032
Youth service activity fund	N/A		61
Recreation commission fund	N/A	3,362	
Sewer usage fund	N/A	351,102	
Sewer development and maintenance fund	N/A	198	
State assets forfeiture program	N/A		496
Federal assets forfeiture program	N/A	496	
Prepaid education grants fund	N/A	8,698	
Planning and development grant fund	N/A		87,237
Human services grants	N/A		26,432
Miscellaneous	N/A		116,920
Capital nonrecurring	N/A	61,043	
Internal service fund	N/A		1,116,203
Bonded capital projects	N/A		6,206,163
Retiree trust fund	N/A		12,000
Stonington harbor management	N/A		13,974
Mystic harbor management	N/A		<u>7,740</u>
Total general fund	N/A	<u>425,712</u>	<u>7,890,042</u>
Bonded capital projects fund:			
General fund	N/A	6,206,163	
Planning and development grant fund	N/A		<u>140</u>
Total bonded capital projects fund	N/A	<u>6,206,163</u>	<u>140</u>

Town of Stonington, Connecticut

Notes to Financial Statements

	Corresponding Fund	Due From	Due To
<u>Nonmajor funds</u>			
Special revenue funds:			
Sewer assessment fund	Sewer usage	\$ 1,407	\$
Shellfish fund	General fund		813
Town aid road fund	General fund	289,784	
Dog license fund	General fund	13,032	
Youth service activity fund	General fund	61	
Recreation commission fund	General fund		3,362
Sewer usage fund	General fund		351,102
Sewer usage fund	Sewer assessment		1,407
Sewer usage fund	Sewer development		7,539
Sewer development and maintenance fund	General fund		198
Sewer development and maintenance fund	Sewer usage	7,539	
State assets forfeiture program	General fund	496	
Federal assets forfeiture program	General fund		496
Prepaid education grants fund	General fund		8,698
Planning and development grant fund	General fund	87,237	
Planning and development grant fund	Bonded capital	140	
Human services grant	General fund	26,432	
Miscellaneous	General fund	<u>116,920</u>	<u> </u>
Total special revenue funds		543,048	373,615
Capital projects funds:			
Capital nonrecurring	General fund	<u> </u>	<u>61,043</u>
Total nonmajor funds		<u>543,048</u>	<u>434,658</u>
Internal service fund	General fund	<u>1,116,203</u>	<u> </u>
Fiduciary funds:			
Retiree trust fund	General fund	12,000	
Stonington harbor management	General fund	13,974	
Mystic harbor management	General fund	<u>7,740</u>	<u> </u>
Total fiduciary funds		<u>33,714</u>	<u>-</u>
Grand total		<u>\$ 8,324,840</u>	<u>\$ 8,324,840</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for various activities.

Town of Stonington, Connecticut

Notes to Financial Statements

2. Interfund Transfers

A summary of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Major funds</u>	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund:			
Sewer assessment fund	N/A	\$ 45,000	\$
Dog license fund	N/A		3,500
Sewer usage fund	N/A		300,000
Capital nonrecurring	N/A		960,233
Total general fund		<u>45,000</u>	<u>1,263,733</u>
<u>Nonmajor funds</u>			
Special revenue funds:			
Sewer assessment fund	General fund		45,000
Dog license fund	General fund	3,500	
Sewer usage fund	General fund	<u>300,000</u>	
Total special revenue funds		303,500	45,000
Capital nonrecurring	General fund	<u>960,233</u>	
Total nonmajor funds		<u>1,263,733</u>	<u>45,000</u>
Grand total		<u>\$ 1,308,733</u>	<u>\$ 1,308,733</u>

Transfers are used to account for the financing by the general fund of various program and activities in other funds.

E. Operating Leases

The Town leases a Ford Ranger truck and 2 Ford Fusion cars. The present lease term of each lease is 4 years, expiring March 21, 2014, with the right to return the vehicles and terminate the lease after 3 years. Lease payments for the current year were \$12,528. Future lease payments for fiscal year 2014 will be \$9,396.

Town of Stonington, Connecticut

Notes to Financial Statements

F. Changes in Long-Term Obligations

1. Summary of Changes

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Current Portion
General purpose:									
Improvement bond	\$ 425,000	07/01/07	09/01/26	4.125%-5.5%	\$ 230,000	\$	\$ 115,000	\$ 115,000	\$ 115,000
Refunding bond	4,525,000	02/15/09	05/15/20	2.0%-5.0%	3,233,300		433,900	2,799,400	418,800
Refunding bond	1,192,000	02/23/12	09/01/24	2.25%-4.0%	1,192,000			1,192,000	
Total general purpose					4,655,300	-	548,900	4,106,400	533,800
School:									
Improvement bond	5,000,000	10/15/03	10/15/23	2.5%-4.5%	275,000		275,000	-	
Improvement bond	10,000,000	10/01/04	10/01/24	3.0%-4.25%	1,200,000		600,000	600,000	600,000
Improvement bond	10,000,000	10/01/05	10/01/25	3.25%-5.0%	1,500,000		500,000	1,000,000	500,000
Improvement bond	3,275,000	07/01/07	09/01/26	4.125%-5.5%	700,000		175,000	525,000	175,000
Refunding bond	3,000,000	02/15/09	05/15/20	2.0%-5.0%	2,046,700		316,100	1,730,600	301,200
Refunding bond	16,128,000	02/23/12	09/01/26	2.0%-4.0%	16,128,000			16,128,000	295,000
Total school					21,849,700	-	1,866,100	19,983,600	1,871,200
Sewer:									
Improvement bond	2,100,000	10/01/04	10/01/24	3.0%-4.25%	220,000		110,000	110,000	110,000
Improvement bond	700,000	07/01/07	09/01/26	4.125%-5.5%	140,000		70,000	70,000	70,000
Improvement bond	12,000,000	04/05/12	04/01/32	4.125%-5.5%	12,000,000		600,000	11,400,000	600,000
Total sewer					12,360,000	-	780,000	11,580,000	780,000
Clean water loans:									
Clean water loan	1,563,519	1998	2017	2%	375,771		75,154	300,617	75,154
Clean water loan	1,148,280	06/30/00	2016	2%	378,693		72,772	305,921	74,227
Total clean water loans					754,464	-	147,926	606,538	149,381
Total bond and notes					39,619,464	-	3,342,926	36,276,538	3,334,381
Premiums					2,510,338		160,924	2,349,414	
Total bonds, notes and related liabilities					42,129,802	-	3,503,850	38,625,952	3,334,381
Landfill postclosure costs					325,000		25,000	300,000	25,000
Compensated absences					2,004,694	884,884	1,058,474	1,831,104	366,221
Heart and hypertension					376,845	156,441	129,640	403,646	
Total general long-term obligations					\$ 44,836,341	\$ 1,041,325	\$ 4,716,964	\$ 41,160,702	\$ 3,725,602

All long-term liabilities are generally liquidated by the general fund.

Town of Stonington, Connecticut

Notes to Financial Statements

Summary of Debt Service Requirements to Maturity

The annual requirements to amortize bonds payable and clean water loans at June 30, 2013 are as follows:

Fiscal Year End June 30,	Bonds			Clean Water		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 3,185,000	\$ 1,220,145	\$ 4,405,145	\$ 149,381	\$ 12,130	\$ 161,511
2015	2,990,000	1,115,234	4,105,234	150,866	9,143	160,009
2016	2,940,000	1,020,516	3,960,516	152,380	6,126	158,506
2017	2,930,000	915,481	3,845,481	153,911	3,093	157,004
2018	2,885,000	824,506	3,709,506			
2019	2,715,000	717,256	3,432,256			
2020	2,700,000	603,757	3,303,757			
2021	2,195,000	490,706	2,685,706			
2022	2,090,000	411,007	2,501,007			
2023	2,090,000	333,405	2,423,405			
2024	2,085,000	255,906	2,340,906			
2025	1,840,000	194,256	2,034,256			
2026	1,255,000	154,528	1,409,528			
2027	770,000	125,125	895,125			
2028	600,000	103,500	703,500			
2029	600,000	84,000	684,000			
2030	600,000	63,000	663,000			
2031	600,000	42,000	642,000			
2032	600,000	21,000	621,000			
TOTALS	<u>\$ 35,670,000</u>	<u>\$ 8,695,328</u>	<u>\$ 44,365,328</u>	<u>\$ 606,538</u>	<u>\$ 30,492</u>	<u>\$ 637,030</u>

Town of Stonington, Connecticut

Notes to Financial Statements

2. Statutory Debt Limitations

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 123,422,776	\$ 6,727,072	\$ 116,695,704
Schools	246,845,552	19,983,600	226,861,952
Sewers	205,704,626	11,580,000	194,124,626
Urban renewal	178,277,343		178,277,343
Pension deficit	164,563,701		164,563,701

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$383,981,969.

The indebtedness reflected above includes bonds outstanding.

3. Prior Years' Advance Refunding

In the prior years, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. As of June 30, 2013, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$19,510,000.

4. Subsequent Events

In August 2013, the Town issued \$4,285,000 of general obligation bonds at an interest rate of 2.5% - 4.25% maturing in installments through August 2033.

In August 2013, the Town issued \$6,585,000 of general obligation bond anticipation notes at an interest rate of 1.0% maturing in August 2014.

5. Landfill Closure and Postclosure Care Costs

The Town closed its landfill in 1995. State and Federal laws and regulations require landfill closures to meet certain standards. Monitoring costs and estimated repairs and maintenance for the next 12 years at \$25,000 per year are \$300,000. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

Town of Stonington, Connecticut

Notes to Financial Statements

6. Authorized/Unissued Bonds

At June 30, 2013, the amount of authorized, unissued bonds for improvements to the Town's waste water treatment facilities, roads and athletic fields is \$12,525,000.

G. Restricted Net Position

The amount of restricted net position, which was restricted by enabling legislation, totaled \$656,450 at June 30, 2013.

H. Fund Balance Classifications

As of June 30, 2013, fund balances are composed of the following:

Fund Balance Component	General Fund	Bonded Capital Projects	Nonmajor Funds	Total
Restricted:				
Public safety	\$	\$	\$ 5,146	\$ 5,146
Highway department			289,784	289,784
Sanitation and waste removal			203,662	203,662
Human services			18,031	18,031
Education			139,827	139,827
Total restricted	-	-	656,450	656,450
Committed:				
General government			210,983	210,983
Sanitation and waste removal			540,874	540,874
Approved CNR Projects		3,787,578	1,760,677	5,548,255
Total committed	-	3,787,578	2,512,534	6,300,112
Assigned:				
Subsequent years' budget	1,373,000			1,373,000
General government	83,012		87,377	170,389
Public safety	2,500		10,810	13,310
Highway department	23,803			23,803
Sanitation and waste removal	13,443		796,042	809,485
Human services	3,132		179,330	182,462
Social services	298			298
Recreation	3,250		96,908	100,158
Education	163,163		350,494	513,657
Total assigned	1,665,601	-	1,520,961	3,186,562
Unassigned	12,144,077	-	-	12,144,077
Total	\$ 13,809,678	\$ 3,787,578	\$ 4,689,945	\$ 22,287,201

Town of Stonington, Connecticut

Notes to Financial Statements

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town established as an internal service fund, the health insurance fund, to account for and finance the retained risk of loss for Town employees. A third party administers the plan for which the fund pays a fee. The self-insurance fund provides coverage for all eligible Town employees. The Town has purchased a stop loss policy for total claims in any one year exceeding an aggregate of 120% of expected claims and for individual claims exceeding \$100,000 for hospital and major medical.

Only the Town participates in this health insurance program and payments to the fund are based upon estimates by number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability reported in the fund is based upon the provisions of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded.

The internal service fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used to compute claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, including the effects of specific, incremental claim adjustment expenditures, salvage and subrogation; allocated claim adjustment expenditures are not included.

	Claims Payable <u>July 1</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Paid</u>	Claims Payable <u>June 30</u>
2011-2012	\$ 433,514	\$ 5,340,476	\$5,344,990	\$ 429,000
2012-2013	429,000	5,544,424	5,544,424	429,000

The Town is currently a member in Connecticut Interlocal Risk Management Agency ("CIRMA"), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-47-a et. seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk sharing pool. The Town paid CIRMA for provisions of general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

Town of Stonington, Connecticut

Notes to Financial Statements

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan, and losses incurred in the coverage period 2012-2013 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior years.

B. Commitments and Litigation

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

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

C. Pension Plans**1. Plan Description**Summary

The Town contributes to two pension plans covering substantially all full time employees and noncertified Board of Education employees. One plan covers employees of the police department ("MERS") and the other plan covers all other employees ("PERS"). The certified faculty and administrative personnel at the Board of Education participate in a contributory retirement plan administered by the State Teachers' Retirement Board. The Town does not contribute to this plan.

2. Summary of Significant Accounting Policies and Plan Asset Matters**a. Basis of Accounting**

The pension trust fund's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contractual requirements, and investment income is recognized when earned and expenses (benefits, administration and refunds) are recognized when due and payable in accordance with the terms of the plan.

Town of Stonington, Connecticut

Notes to Financial Statements

b. Valuation of Investments

Investments are valued at fair value. Securities traded on a national exchange are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

3. Classes of Employees Covered

At July 1, 2012, PERS membership consisted of:

Retirees and beneficiaries receiving benefits	122
Terminated plan members entitled to but not yet receiving benefits	42
Active plan members	<u>191</u>
Total Plan Participants	<u>355</u>
Number of participating employers	1

4. Benefit Provisions**a. Benefit Provisions**

The Town contributes to the Town of Stonington retirement plan, a single employer Public Employee Retirement System ("PERS"). The plan is administered by a Selectmen appointed, five-member retirement board. The responsibility for the holding and investment of plan assets lies with the trustee appointed by the Selectmen. The trustees shall be the bank or Trust company having the power to act as trustee in the State of Connecticut. The current trustee is Bank of America. The PERS is considered part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. All full time employees including the First Selectman, Town Clerk and Tax Collector but excluding police officers, teachers and other elected officials are eligible to participate.

Benefits are 50% vested after five years of service with the Town and are fully vested after ten years of service. Normal retirement is the earlier of the member having reached his 62nd birthday or having completed 35 years of credited service. A member who retires on his normal retirement date shall receive an annual retirement benefit equal to 1.75% of such member's final average compensation multiplied by such member's years of credited service. The plan also provides for an actuarially reduced earlier retirement date, death and disability benefits. These benefit provisions and all other requirements are established by Town ordinance. The plan does not issue stand alone financial reports.

Town of Stonington, Connecticut

Notes to Financial Statements

b. Funding Policy

The Town contributes such amounts necessary, as determined by an independent actuary, to provide the retirement benefits under the plan. All active members contribute 3% of annual compensation. Expenses of administration of the plan, including actuarial and legal fees, are paid from the trust fund.

5. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 was as follows:

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) Entry Age Normal	(A-B) Over (Under) Funded AAL	(A/B) Funded AAL Ratio	(C) Covered Payroll	[(A-B)/C] Over (Under) Funded AAL as a Percentage of Covered Payroll
July 1, 2012	\$ 22,549,207	\$ 27,778,855	\$ 5,229,648	81.2%	\$ 8,958,441	58.4%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress ("RSI"), immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

6. Actuarial Assumptions

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for the plan as of the latest valuation date is as follows:

Valuation date	July 1, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Amount
Remaining amortization period	20 Years - Open
Asset valuation method	5 - Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	3.60%

Town of Stonington, Connecticut

Notes to Financial Statements

7. Annual Pension Cost and Net Pension Obligation (Asset)

The Town's annual pension cost and net pension obligation (asset) to the Town of Stonington's Employee Retirement Plan for the current year were:

Annual required contribution	\$ 1,119,643
Interest on net pension obligation	(52,691)
Adjustment to annual required contribution	<u>64,101</u>
Annual pension cost	1,131,053
Contributions made	<u>1,130,478</u>
Decrease in net pension asset	575
Net pension asset, July 1, 2012	<u>(702,551)</u>
Net pension asset, June 30, 2013	<u>\$ (701,976)</u>

Three Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation/ (Asset)</u>
06/30/11	\$ 1,167,680	126.1%	\$ (540,906)
06/30/12	1,180,477	113.7%	(702,551)
06/30/13	1,131,053	99.9%	(701,976)

8. Municipal Employees' Retirement System**a. Plan Description**

All Town police officers participate in the Municipal Employees' Retirement System ("MERS"). MERS is the administrator of a cost-sharing, multiple employer Public Employee Retirement System ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. MERS issues a publicly available financial report, which may be obtained by writing to the State of Connecticut, Office of the State Comptroller, Municipal Employees' Retirement Fund, 55 Elm Street, Hartford, CT 06106.

Town of Stonington, Connecticut

Notes to Financial Statements

b. Plan Provisions

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases between 3% and 5% are paid to those who have reached age 65 and (effective January 1, 2002) increases of 2.5% are paid to those who have not yet reached age 65. For members that retire after December 31, 2001, increases between 2.5% and 6.0% are paid, regardless of age. Benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

-If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.

-If covered by Social Security: 1-1/6% of the average of earnings not in excess of the taxable wage base for the 10 highest paid years, plus 2% of the average of earnings for the three highest paid years of service which is in excess of the average of earnings not in excess of the taxable wage base for the 10 highest paid years.

c. Funding Policy

Covered employees are required by State Statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5.0% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan.

The required and actual contributions for the past three years were as follows:

Year Ending <u>June 30,</u>	
2011	\$ 474,968
2012	531,307
2013	545,986

Town of Stonington, Connecticut

Notes to Financial Statements

D. Other Post Employment Benefit Plan**1. Plan Description**

The Town administers one single-employer, post retirement healthcare plan for the Town of Stonington Other Post Employment Benefit ("OPEB") plan. The plan provides medical and dental benefits for eligible retirees and their spouses. The plan does not issue stand alone financial reports.

2. Benefit Provisions**a. Benefit Provisions**

The plan provides for medical and dental benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations.

b. Employer Contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town's total plan contribution was \$668,000.

c. Employee Contributions

There are no employee contributions to the plan.

3. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011 was as follows:

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) Projected Unit Credit	(A-B) Over (Under) Funded AAL	(A/B) Funded AAL Ratio	(C) Covered Payroll	[(A-B)/C] Over (Under) Funded AAL as a Percentage of Covered Payroll
July 1, 2011	\$ 473,000	\$9,657,000	\$ (9,184,000)	4.9%	\$ 26,065,000	(35.2%)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress ("RSI"), immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

Town of Stonington, Connecticut

Notes to Financial Statements

4. Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, 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.

The data presented in the schedule of funding progress and schedule of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for the plan as of the latest valuation date is as follows:

Valuation Date	July 1, 2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage
Remaining Amortization Period:	30 Years Closed
	Fair Value
Actuarial Assumptions:	
Investment rate of return	7.5%
Healthcare inflation rate:	
Initial	6.6%
Ultimate	4.4%

5. Annual OPEB Cost and Net OPEB Obligation (Asset)

The Town's annual other post employment benefit cost and net other post employment benefit obligation (asset) to the Town's Other Post Employment Benefit Plan for the current year were:

Annual required contribution	\$ 699,000
Interest on net OPEB obligation	(9,909)
Adjustment to annual required contribution	<u>8,013</u>
Annual OPEB cost	697,104
Contributions made	<u>668,000</u>
Change in net OPEB asset	29,104
Net OPEB asset - July 1, 2012	<u>(132,115)</u>
Net OPEB asset - June 30, 2013	<u>\$ (103,011)</u>

Town of Stonington, Connecticut

Notes to Financial Statements

6. Three Year Trend Information

<u>Year Ending June 30</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2011	\$ 700,998	95.72%	\$ 205,643
2012	732,242	146.13%	(132,115)
2013	697,104	95.83%	(103,011)

E. Retiree Health Care Defined Contribution Plan

The Town has a defined contribution healthcare plan covering police officers that was established in July 2004. The plan provides for retiree health care benefits through reimbursement of eligible medical care expenses, including the reimbursement of retiree healthcare premiums upon retirement from the Town. Participation in the plan is mandatory for all eligible police officers. The employee contribution is 2% of base pay with an equivalent Town match. Upon normal retirement, the participant's account balance shall be a minimum of \$20,000. If the account balance is less than \$20,000, the Town shall make contributions necessary to bring the account balance to \$20,000. Total Town and employee contributions for the year ended June 30, 2013 were \$59,947 and \$47,947, respectively.

F. On-Behalf Payments

The amount recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the state on-behalf of the Town's teachers to the State Teachers' Retirement System was \$3,211,000.

**Required
Supplementary
Information**

Town of Stonington, Connecticut
Required Supplementary Information
Stonington Retirement Systems
Schedules of Funding Progress

Pension Trust

	(A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C]
Acturial Valuation Date July 1,	Acturial Value of Assets	Acturial Accrued Liability (AAL) Entry Age Normal	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
2007	\$ 17,463,378	\$ 20,941,948	\$ (3,478,570)	83.4%	\$ 7,899,350	(44.0%)
2008	18,683,172	22,649,059	(3,965,887)	82.5%	8,332,324	(47.6%)
2009	18,563,663	24,180,363	(5,616,700)	76.8%	8,843,202	(63.5%)
2010	19,653,688	25,290,061	(5,636,373)	77.7%	9,342,487	(60.3%)
2011	21,249,891	26,484,044	(5,234,153)	80.2%	9,071,534	(57.7%)
2012	22,549,207	27,778,855	(5,229,648)	81.2%	8,958,441	(58.4%)

Other Post Employment Benefit Plan

	(A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C]
Acturial Valuation Date July 1,	Acturial Value of Assets	Acturial Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
2007	\$	\$ 9,478,000	\$ (9,478,000)	0.0%	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009		9,625,000	(9,625,000)	0.0%	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	473,000	9,657,000	(9,184,000)	4.9%	26,065,000	(35.2%)
2012	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not available

Town of Stonington, Connecticut
Required Supplementary Information
Stonington Retirement Systems
Schedules of Employer Contributions

Pension Trust

<u>Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2008	\$ 828,833	\$ 890,080	107.4%
2009	869,139	944,785	108.7%
2010	937,874	1,010,472	107.7%
2011	1,163,837	1,471,967	126.5%
2012	1,171,692	1,342,122	114.5%
2013	1,119,643	1,130,478	101.0%

Other Post Employment Benefit Plan

<u>Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2009	\$ 658,000	\$ 568,000	86.3%
2010	687,000	603,000	87.8%
2011	698,000	671,000	96.1%
2012	729,000	1,070,000	146.8%
2013	699,000	668,000	95.6%

Supplemental Schedules

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, highway, sanitation and waste removal, human services, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

Town of Stonington, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property taxes:				
Current levy	\$ 49,645,240	\$ 49,645,240	\$ 49,764,623	\$ 119,383
Prior year taxes	350,000	350,000	427,523	77,523
Motor vehicle supplement	170,000	170,000	213,329	43,329
Interest and lien fees	227,000	227,000	320,966	93,966
Telephone access line	70,000	70,000	66,932	(3,068)
Total property taxes	50,462,240	50,462,240	50,793,373	331,133
Intergovernmental:				
Intergovernmental revenues - State grants for education:				
Education cost sharing grant	2,079,926	2,079,926	2,069,038	(10,888)
Transportation	39,893	39,893	94,546	54,653
Nonpublic services	4,771	4,771	3,172	(1,599)
Nonpublic health services	7,520	7,520	9,163	1,643
Total intergovernmental revenues - State grants for education	2,132,110	2,132,110	2,175,919	43,809
State grants for reimbursement on revenue loss:				
Reimbursement disabled	1,650	1,650	1,576	(74)
Veterans' exemption	15,700	15,700	15,535	(165)
Tax relief for elderly	131,000	131,000	123,254	(7,746)
PILOT state owned property	22,178	22,178	21,519	(659)
Municipal revenue sharing	80,000	80,000	198,653	118,653
Mashantucket Pequot grant	39,893	39,893	38,077	(1,816)
Total state grants for reimbursement on revenue loss	290,421	290,421	398,614	108,193
State grants for other purposes:				
Parking ticket surcharge	11,000	11,000	12,450	1,450
Youth services	19,275	19,275	19,281	6
Civil preparedness	7,500	7,500	10,457	2,957
Total state grants for other purposes	37,775	37,775	42,188	4,413
Total intergovernmental	2,460,306	2,460,306	2,616,721	156,415
Charges for services:				
Town Hall bags			427,779	427,779
Solid waste disposal fees	1,625,000	1,625,000	1,026,450	(598,550)
SCRRA transportation	92,000	92,000	93,633	1,633
Landfill recycling	62,000	62,000	68,781	6,781
Tipping fees	110,000	110,000	136,297	26,297
Building rental/miscellaneous	500	500	800	300
Medicaid reimbursement	10,000	10,000	64	(9,936)
Tuition other Town	25,000	25,000	66,244	41,244
Miscellaneous revenue	17,250	17,250	50,819	33,569
Accident reports	1,400	1,400	1,101	(299)
Data processing revenue	15,000	15,000	23,717	8,717
In lieu of taxes housing authority	13,500	13,500	16,485	2,985
Mystic upgrade d/s offset	18,600	18,600	18,586	(14)
GIS revenues	1,000	1,000	1,192	192
Utility billing revenue offset	12,000	12,000	12,000	-
Vehicle use outside jobs	32,000	32,000	92,194	60,194
Admin / miscellaneous fees	10,000	10,000	14,990	4,990
Total charges for services	2,045,250	2,045,250	2,051,132	5,882

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Licenses and permits:				
Building permits	\$ 245,000	\$ 245,000	\$ 199,124	\$ (45,876)
Business license	15,000	15,000	15,000	-
Conveyance taxes	175,000	175,000	298,075	123,075
Town clerk's fees	150,000	150,000	207,679	57,679
Miscellaneous permit	2,500	2,500	3,565	1,065
Alarm registration	6,500	6,500	6,460	(40)
Wetlands permits	1,000	1,000	3,113	2,113
P & Z and zoning board fees	70,000	70,000	59,278	(10,722)
Zoning fees			500	500
Total licenses and permits	665,000	665,000	792,794	127,794
Fines and forfeits:				
Parking fines	7,200	7,200	3,425	(3,775)
Alarm penalties	2,200	2,200	4,012	1,812
Total fines and forfeits	9,400	9,400	7,437	(1,963)
Grand total charges for services	2,719,650	2,719,650	2,851,363	131,713
Revenues - use of Town money:				
Interest income	80,000	80,000	103,358	23,358
Rental	50,000	50,000	51,362	1,362
Loan repayment SNEFLA	12,500	12,500	12,500	-
Total revenues - use of Town money	142,500	142,500	167,220	24,720
Total revenues	55,784,696	55,784,696	56,428,677	643,981
Other financing sources:				
Appropriation of fund balance	900,000	989,807		(989,807)
Cancellation of prior year encumbrances	4,000	4,000	40,439	36,439
Transfers in - sewer assessment fund	45,000	45,000	45,000	-
Total other financing sources	949,000	1,038,807	85,439	(953,368)
Grand total - Revenues and other financing sources	\$ 56,733,696	\$ 56,823,503	\$ 56,514,116	\$ (309,387)

(Concluded)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Department of First Selectman:				
Office of Selectman:				
First selectman	\$ 92,650	\$ 92,650	\$ 92,549	\$ 101
Second selectman	6,023	6,023	6,017	6
Third selectman	6,023	6,023	6,017	6
Town attorney	50,000	50,000	50,000	-
Expenses (first selectman)	6,000	6,000	6,000	-
Examination of indices	2,500	2,500	2,500	-
Mosquito abatement	30,000	30,000	29,998	2
Legal services and courts	80,000	53,397	48,272	5,125
Tree trimming and lighting	5,000	5,000	5,000	-
Town wide	20,000	20,000	17,007	2,993
Economic development commission	6,500	6,500	6,759	(259)
Total Office of Selectman	304,696	278,093	270,119	7,974
Programs and agencies:				
S.E.A.T.	4,906	4,906	4,906	-
Sector	5,952	5,952	5,952	-
CT Conference of Municipalities	12,143	12,143	12,032	111
Southeastern CT Council of Government	9,689	9,689	9,689	-
Mystic river park public restrooms	10,609	10,609	10,609	-
CT council of small towns	1,025	1,025	1,025	-
Westerly pops concert	2,500	2,500	2,500	-
Affordable housing committee	500	500		500
Probate court	6,301	16,775	16,775	-
Total programs and agencies	53,625	64,099	63,488	611
Waterfront commission:				
Clerical services	900	900	675	225
Postage	75	75	75	-
Consumable supplies	25	25		25
Miscellaneous	75	75	75	-
Total waterfront commission	1,075	1,075	825	250
Pawcatuck River Harbor management:				
Clerical services	990	990		990
Postage	200	200		200
Advertising	500	500		500
Consumable supplies	400	400		400
Reproduction and printing	500	500		500
Miscellaneous	305	305		305
Total Pawcatuck River Harbor management	2,895	2,895	-	2,895

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Shellfish commission:				
Expenses	\$ 50	\$ 50	\$	\$ 50
Economic development commission:				
Postage	200	200		200
Advertising	2,500	2,500	1,610	890
Consumable supplies	150	150		150
Travel	500	500		500
Professional association and publication	1,300	1,300		1,300
Total economic development commission	4,650	4,650	1,610	3,040
Emergency management:				
Emergency management tactical operation director	11,687	11,687	11,687	-
Clerical salaries	1,693	1,693	1,692	1
Consumable supplies	250	250	317	(67)
Equipment	500	500	459	41
Development of emergency plan	1	1		1
Miscellaneous	100	100	91	9
Furniture and equipment	750	750		750
Generator maintenance	1	1		1
Water testing	400	400		400
Communications	1	1		1
Mass notification system	9,000	9,000	8,872	128
Total emergency management	24,383	24,383	23,118	1,265
Elections:				
Referenda/election personnel	60,000	60,000	44,053	15,947
Registrars' salaries	32,160	32,160	32,125	35
Postage	5,000	5,000	2,303	2,697
Advertising	5,000	5,000	479	4,521
Consumable supplies	2,000	2,000	287	1,713
Telephone	4,000	4,000	3,097	903
Equipment	3,000	3,000	4,655	(1,655)
Reproduction and printing	500	500	335	165
Professional associations and publications	600	600	110	490
Voting canvas	500	500	109	391
Miscellaneous	1,000	1,000	1,011	(11)
Ballot printing / programming	15,000	15,000	7,386	7,614
Voting machine	2,200	2,200		2,200
Total elections	130,960	130,960	95,950	35,010
Town clerk:				
Salary of Town clerk	65,690	65,690	65,619	71
Clerical salaries	88,561	88,889	88,889	-
Longevity	3,000	3,000	3,000	-
Postage	2,000	2,000	1,500	500
Advertising	6,000	14,750	17,365	(2,615)
Consumable supplies	3,000	3,000	2,774	226
Telephone	375	375	436	(61)
Equipment	4,500	4,500	3,031	1,469
Professional associations and publications	150	150	100	50
Furniture and equipment	1	1		1
Training and education	1,000	1,000	555	445
Land records and data processing	42,000	32,381	26,319	6,062
Vital statistics	450	450	436	14
Total Town clerk	216,727	216,186	210,024	6,162

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Town meeting and referenda:				
Town meeting personnel	\$ 200	\$ 200	\$	\$ 200
Advertising	3,000	3,541	3,741	(200)
Total Town meeting and referenda	3,200	3,741	3,741	-
Payment/other civil divisions:				
Borough of Stonington	153,473	153,473	153,473	-
Total Department of First Selectman	895,734	879,605	822,348	57,257
Department of administrative services:				
Administration:				
Director of administrative services	83,038	83,038	82,948	90
Administrative support staff	156,540	156,540	156,539	1
Longevity	2,970	2,970	2,970	-
Postage	1,000	1,000	762	238
Advertising	14,000	14,000	11,984	2,016
Consumable supplies	1,400	1,400	2,418	(1,018)
Reproduction and printing	800	800	445	355
Telephone	150	150	187	(37)
Equipment	5,400	5,400	3,571	1,829
Professional associations and publications	4,000	4,000	3,160	840
Seminars and programs	750	750		750
Database expenses	6,900	6,900	6,538	362
Miscellaneous	700	700	232	468
Furniture and equipment	1,500	1,500	1,338	162
Training and education	2,250	2,250	1,170	1,080
Technical and professional services - admin services	7,500	7,500	3,885	3,615
Memorial observances	7,500	7,500	6,550	950
Columbus day observances	5,000	5,000	5,000	-
Total administration	301,398	301,398	289,697	11,701
Information systems:				
IT manager	74,617	74,617	74,576	41
Technology support specialist	51,209	51,209	50,894	315
Longevity	200	200	200	-
Postage	300	300	640	(340)
Consumable supplies	1,500	1,500	1,108	392
Reproduction and printing	50	50		50
Telephone	1,500	1,500	1,315	185
Professional associations and publications	250	250	215	35
Equipment and licensing	30,040	30,040	29,495	545
Internet hosting expense	4,500	4,500	4,390	110
Miscellaneous	50	50	50	-
Training and education	3,000	3,000	3,000	-
GIS	29,500	29,500	27,860	1,640
Telecommunications	53,000	53,000	52,777	223
Technical assistance	5,000	5,000	5,000	-
Total information systems	254,716	254,716	251,520	3,196

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Human resources:				
Employee training/education	\$ 9,500	\$ 9,500	\$ 1,881	\$ 7,619
Labor negotiations	150,000	150,000	150,000	-
Pension plan	603,000	603,000	603,000	-
Social security	441,900	414,900	414,814	86
Unemployment	40,000	15,000	5,270	9,730
Heart and hypertension	34,856	34,856	34,662	194
Employee assistance program	2,750	2,750	1,850	900
Employee screening	700	700	600	100
Additional manpower	5,000	4,889	2,060	2,829
Employee travel expense	23,000	23,000	15,480	7,520
Accrued leave payout	20,000	20,000	19,399	601
Retiree health care	60,000	60,000	59,947	53
Health insurance	1,519,647	1,519,647	1,519,647	-
Life insurance	21,500	21,500	19,651	1,849
Total human resources	2,931,853	2,879,742	2,848,261	31,481
Health officer, sanitation and EMS:				
Health officer salaries	24,030	24,030	24,004	26
Sanitarian salaries	69,473	69,496	69,522	(26)
Longevity	350	350	350	-
Expenses	1,575	1,552	954	598
Clothing allowance	400	400	400	-
Furniture and equipment	500	500		500
Training and education	500	500	299	201
Stonington ambulance	20,000	20,000	20,000	-
Mystic river ambulance	20,000	20,000	20,000	-
Westerly ambulance	20,000	20,000	20,000	-
Total health officer, sanitation and EMS	156,828	156,828	155,529	1,299
Community development:				
Clerical salaries	27,835	27,946	27,945	1
Total department of administrative services	3,672,630	3,620,630	3,572,952	47,678
Finance department:				
Finance office:				
Director of finance	102,801	102,801	102,690	111
Senior accountant	77,863	77,863	77,778	85
Clerical salaries	139,256	139,256	138,061	1,195
Longevity	4,400	4,400	4,400	-
Postage	2,600	2,600	2,519	81
Consumable supplies	2,800	2,800	3,158	(358)
Reproduction and printing	700	700	592	108
Telephone	150	150	97	53
Professional associations and publication	700	700	805	(105)
Payroll services	29,000	29,000	28,211	789
Equipment and software support	18,000	18,000	16,451	1,549
Training and education	400	400	120	280
Finance - technical and professional services	3,100	3,100	2,601	499
Total finance office	381,770	381,770	377,483	4,287

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Assessor's office:				
Salary of assessor	\$ 81,962	\$ 81,962	\$ 81,872	\$ 90
Assistant assessor	61,148	61,148	61,082	66
Clerical salaries	88,561	88,561	88,495	66
Longevity	4,990	4,990	5,160	(170)
Postage	2,100	2,100	2,100	-
Consumable supplies	1,950	1,950	1,924	26
Reproduction and printing	1,700	1,700	2,035	(335)
Telephone	1,490	1,490	82	1,408
Equipment	450	450	425	25
Professional associations and publications	2,035	2,035	2,080	(45)
Database expenses	15,415	15,415	14,115	1,300
Miscellaneous	1,401	1,401	1,006	395
Clothing allowance			400	(400)
Training and education	1,930	1,930	1,786	144
Special audit personal property	3,200	3,200	2,400	800
Total assessor's office	268,332	268,332	264,962	3,370
Board of Assessment Appeals:				
Expenses	4,035	4,035	2,966	1,069
Office of the treasurer:				
Salary of treasurer	3,747	3,747	3,743	4
Expenses	100	100		100
Total office of the treasurer	3,847	3,847	3,743	104
Office of the tax collector:				
Salary of tax collector	65,690	65,690	65,619	71
Clerical salaries	86,402	86,402	85,844	558
Longevity	600	600	600	-
Postage	13,500	13,500	13,434	66
Advertising	1,500	1,500	1,099	401
Consumable supplies	1,200	1,200	753	447
Reproduction and printing	6,600	6,600	6,032	568
Telephone	250	250	80	170
Equipment	450	450	945	(495)
Professional associations and publications	150	150	125	25
Miscellaneous	100	100		100
Equipment and software support	5,950	5,950	5,950	-
Training and education	500	500	383	117
DMV delinquent reporting	4,435	4,435	4,242	193
Total office of the tax collector	187,327	187,327	185,106	2,221
Board of Finance:				
Clerical salaries	2,000	2,200	2,200	-
Advertising	1,500	1,300	901	399
Professional services	2,000	2,000	79	1,921
Accounting and auditing	55,000	55,000	55,000	-
Special audit	5,000	5,000	5,000	-
GASB 45	90,000	90,000	90,000	-
Total Board of Finance	155,500	155,500	153,180	2,320
Risk management:				
Risk management stipend	2,058	2,058	2,058	-
Property and liability insurance	515,000	577,200	579,970	(2,770)
Claims and damages	10,000	10,000	9,642	358
Dog damages	1	1		1
Safety program	2,500	2,500		2,500
Total risk management	529,559	591,759	591,670	89
Total finance department	1,530,370	1,592,570	1,579,110	13,460

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Debt service:				
Debt service interest:				
Series 1998 clean water (mys)	\$ 7,516	\$ 7,516	\$ 7,515	\$ 1
Series 2000 clean water (mys)	7,574	7,574	7,574	-
Series 2003 G.O. bonds (high sch)	4,641	4,641	4,641	-
Series 2004 G.O. bonds (high sch)	39,050	39,050	39,050	-
Series 2005 G.O. bonds (hi sch ren)	44,250	44,375	44,375	-
Series 2007 G.O. bonds	37,163	37,163	37,163	-
Series 2009 refunding	177,825	177,825	177,825	-
Series 2012 refunding	608,229	608,229	608,229	-
Series 2012 G.O. bonds	419,000	419,784	419,783	1
Total debt service interest	1,345,248	1,346,157	1,346,155	2
Debt service principal:				
Series 1998 clean water (mys)	75,155	75,155	75,154	1
Series 2000 clean water (mys)	72,772	72,772	72,772	-
Series 2003 G.O. bonds (high sch)	275,000	275,000	275,000	-
Series 2004 G.O. bonds (high sch)	710,000	710,000	710,000	-
Series 2005 G.O. bonds (hi sch ren)	500,000	500,000	500,000	-
Series 2007 G.O. bonds	360,000	360,000	360,000	-
Series 2009 refunding	750,000	750,000	750,000	-
Series 2012 G/O bond	600,000	600,000	600,000	-
Bonding costs	6,000	5,091		5,091
Total debt service principal	3,348,927	3,348,018	3,342,926	5,092
Total debt service	4,694,175	4,694,175	4,689,081	5,094
Department of planning:				
Planning office;				
Director of planning	39,576	39,576	2,000	37,576
Planner	72,997	72,997	72,918	79
Zoning enforcement officer	32,098	32,098	30,233	1,865
Inland wetland enforcement officer	26,025	26,025	26,326	(301)
Clerical salaries	88,561	88,561	90,097	(1,536)
Clerical meeting	5,500	5,500	4,000	1,500
Longevity	2,390	2,390	2,190	200
Consumable supplies	2,500	2,500	716	1,784
Reproduction and printing	5,000	5,000	2,063	2,937
Telephone	500	500	79	421
Equipment	3,000	3,000	2,542	458
Professional associations and publications	1,200	1,200	1,006	194
Clothing allowance			200	(200)
Furniture and equipment	1,000	1,000		1,000
Training and education	2,500	2,500	655	1,845
Prof services	5,000	5,000	3,088	1,912
Total planning office	287,847	287,847	238,113	49,734
Planning and zoning commission:				
Postage	7,500	7,500		7,500
Advertising and court steno	20,000	20,000	15,028	4,972
Total planning and zoning commission	27,500	27,500	15,028	12,472
Zoning board of appeals:				
Postage	1,450	1,450		1,450
Advertising	11,000	11,000	6,530	4,470
Total zoning board of appeals	12,450	12,450	6,530	5,920

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Conservation commission:				
Professional associations and publication	\$ 600	\$ 600	\$ 572	\$ 28
Barn island field trips	3,500	3,500	3,002	498
Total conservation commission	4,100	4,100	3,574	526
Inland wetlands commission:				
Postage	900	900	324	576
Advertising	5,000	5,000	3,731	1,269
Total inland wetlands commission	5,900	5,900	4,055	1,845
Total department of planning	337,797	337,797	267,300	70,497
Department of public works:				
Highway department:				
Public works director	97,344	97,344	97,238	106
Labor salaries	1,034,576	1,004,784	1,004,784	-
Highway supervisor	75,150	72,894	72,894	-
Clerical salaries	22,140	22,140	22,144	(4)
Longevity	17,700	17,700	17,700	-
Postage	750	750	749	1
Consumable supplies	2,325	2,325	2,701	(376)
Telephone	500	500	445	55
Hardware	13,000	13,000	12,914	86
Miscellaneous	1,350	1,350	1,043	307
Clothing allowance	9,600	9,600	9,531	69
Training and education	4,500	4,500	3,883	617
Safety and protective	14,000	14,000	13,971	29
Land damage	1,600	5,998	5,998	-
Sidewalk repairs	60,000	61,327	60,354	973
Street signs	8,500	8,500	9,368	(868)
Tree trimming	14,000	14,000	14,000	-
Tree removal	15,000	15,000	15,000	-
Highway equipment	12,250	27,117	27,116	1
Road maintenance	10,000	11,531	10,000	1,531
Material disposal	20,000	20,000	23,475	(3,475)
Cemetery upkeep	1,000	1,000	718	282
Catch basin cleaning	17,000	17,000	17,000	-
Garage diagnostic equipment and tools	4,000	4,000	4,000	-
Leaf program	2,500	2,500		2,500
Unleaded gasoline	7,670	7,670	2,403	5,267
Diesel fuel	78,824	78,824	81,901	(3,077)
Oil and lubrication	5,500	5,500	5,237	263
Repairs and maintenance (gas system)	2,000	2,000	2,895	(895)
Repairs and maintenance	110,000	111,364	111,363	1
Miscellaneous materials	1,250	1,250	(84)	1,334
Bituminous concrete	30,000	30,000	30,281	(281)
Drainage materials	12,000	12,000	15,440	(3,440)
Sand and gravel	25,600	25,600	18,417	7,183
Lumber	7,500	7,500	6,530	970
Pavement treatments	200,000	214,007	219,772	(5,765)
Snow removal labor	120,000	120,483	123,004	(2,521)
Materials	131,000	131,000	128,839	2,161
Meal allowance	4,900	4,900	4,540	360
Total highway department	2,195,029	2,200,958	2,197,564	3,394

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Sanitation and waste removal:				
Salary of recycling/solid waste manager	\$ 77,044	\$ 77,044	\$ 76,960	\$ 84
General labor	337,786	337,786	325,301	12,485
Clerical salaries	44,281	44,281	44,257	24
Longevity	5,050	5,050	5,290	(240)
Postage	2,800	2,800	2,800	-
Advertising	800	910	910	-
Consumable supplies	750	750	943	(193)
Reproduction and printing	1,000	1,000		1,000
Equipment	100	100		100
Professional associations and publications	100	100	75	25
Clothing allowance	3,100	3,100	3,100	-
Training and education	1	1		1
Unleaded gasoline	5,500	5,500	6,922	(1,422)
Diesel fuel	11,000	11,000	9,822	1,178
Road maintenance	2,000	2,000		2,000
Utilities	6,500	6,500	4,997	1,503
General operations	52,000	50,390	44,959	5,431
Parts and labor	25,000	35,000	30,705	4,295
Grading and seeding	500	500		500
Water testing and monitoring	30,000	30,000	23,005	6,995
Cap maintenance	5,000	5,000		5,000
Disposal fees (SCRRA)	800,000	800,000	700,910	99,090
Residential collection (SCRRA)	470,000	470,000	463,476	6,524
Commission coll and rentals (SCRRA)	640,000	619,213	484,027	135,186
SCRRA consulting	1	1		1
SCRRA contribution	1	1		1
Diesel fuel (SCRRA)	22,000	22,000	21,615	385
Repairs and maintenance (SCRRA)	10,000	11,500	9,352	2,148
SCRRA receptacle costs	100,000	100,000	89,600	10,400
Furniture and equipment	1	1		1
Total sanitation and waste removal	2,652,315	2,641,528	2,349,026	292,502
Engineering services:				
Town engineer	82,274	82,593	82,592	1
Longevity	250	250	250	-
Phase II storm water	1,000	1,000	687	313
Community rating system	3,500	3,181	2,678	503
Expenses	2,500	2,500	2,335	165
Clothing allowance			400	(400)
Prof service engineering review	9,000	9,000	9,259	(259)
Total engineering services	98,524	98,524	98,201	323
Operation and maintenance Town building/property:				
Janitorial/maintenance salary	53,271	53,271	52,132	1,139
Longevity	300	300	300	-
Heating oil	66,960	46,877	47,108	(231)
Electricity	143,950	121,514	121,288	226
Water	5,901	6,770	6,770	-
Sewer use	2,180	2,547	2,546	1
General maintenance	150,750	221,960	220,842	1,118
Street lighting	242,000	222,860	222,859	1
Total operation and maintenance Town building/property	665,312	676,099	673,845	2,254

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Building official:				
Building official	\$ 78,314	\$ 81,535	\$ 81,534	\$ 1
Clerical salaries	44,281	44,543	44,543	-
Longevity	1,950	1,950	1,950	-
Postage	500	500	500	-
Consumable supplies	700	700	474	226
Reproduction and printing	1,000	1,000	208	792
Telephone	300	300	83	217
Equipment	4,000	4,000	2,653	1,347
Professional associations and publications	2,000	2,000	1,056	944
Clothing allowance	400	400	400	-
Training and education	500	500	95	405
Furniture and equipment	1	1		1
Technical assistance	16,000	12,517		12,517
Total building official	149,946	149,946	133,496	16,450
Water Pollution Control Authority:				
Clerical salaries	66,921	66,921	66,406	515
Longevity	2,490	2,490	2,490	-
Postage	5,500	5,500	5,519	(19)
Advertising	1	1	358	(357)
Consumable supplies	2,500	2,500	1,073	1,427
Reproduction and printing	2,500	2,500	1,440	1,060
Telephone	100	100	73	27
Equipment	5,000	5,000	4,475	525
Total Water Pollution Control Authority	85,012	85,012	81,834	3,178
Total department of public works	5,846,138	5,852,067	5,533,966	318,101
Police department:				
Police services:				
Salary of chief	102,337	102,337	102,232	105
Salary of captain	95,854	95,854	95,756	98
Salary of lieutenants	165,745	165,745	164,936	809
Salary of sergeant	450,447	450,447	449,631	816
Salary of regular officers	1,717,130	1,717,130	1,598,215	118,915
Janitorial/maintenance salary	70,692	70,692	66,771	3,921
Boating safety personnel	12,000	12,000	10,072	1,928
Training personnel services	74,000	74,000	41,161	32,839
Communications specialist	374,567	324,747	320,071	4,676
Communications specialist - overtime	19,000	19,000	14,474	4,526
Communications specialist - uniforms	3,600	3,600	3,150	450
Community service officers	19,000	19,000	18,656	344
Special officers	14,000	14,000	25,635	(11,635)
Police commission clerical	4,000	4,000	1,500	2,500
School crossing guards	44,000	44,000	40,493	3,507
Animal control salaries	53,004	53,004	46,362	6,642
Clerical salaries	123,523	123,523	111,439	12,084
Regular overtime	139,000	139,000	138,291	709
Longevity	38,110	38,110	36,130	1,980
Paid holidays	122,701	122,701	118,530	4,171
Postage	2,500	2,500	2,093	407
Advertising	1,500	1,500	1,500	-
Consumable supplies	16,000	16,000	14,155	1,845
Reproduction and printing	5,000	5,000	4,467	533
Equipment	12,000	12,000	10,424	1,576
Professional associations and publications	1,500	1,500	1,453	47
Miscellaneous	7,000	7,000	8,427	(1,427)
Canine program	5,000	5,000	4,967	33
Furniture and equipment	3,000	3,000	3,004	(4)
Telecommunications	89,000	89,000	87,599	1,401
Retirement fund	555,000	555,000	545,986	9,014
Physicals	5,500	5,500	6,072	(572)
Educational incentive	6,000	6,000		6,000
Regular officers - uniforms	24,000	24,000	24,282	(282)
Special officers - uniforms	1,000	1,000	381	619

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Outfitting new officers	\$ 5,500	\$ 5,500	\$ 5,271	\$ 229
Service officer's equipment	1,500	1,500	1,446	54
Boating safety expenses	8,500	8,500	4,568	3,932
Building maintenance	24,000	24,000	25,959	(1,959)
Maintenance/operations/radios	6,500	6,500	4,287	2,213
Traffic signs and signals	44,000	44,000	41,994	2,006
Law enforcement council	12,130	12,130	12,130	-
Drug program	5,500	5,500	5,499	1
Postage	180	180	180	-
Advertising	1,000	1,000	951	49
Consumable supplies	300	300		300
Miscellaneous	750	750	753	(3)
Consumable supplies	5,500	5,500	3,895	1,605
Miscellaneous	1,000	1,000	275	725
Training	18,000	18,000	16,145	1,855
Telephone	600	600	502	98
Clothing allowance	1,000	1,000	600	400
Professional services	2,500	2,500	2,408	92
Equipment (emergency vehicles)	6,000	6,000	8,238	(2,238)
Unleaded gasoline	109,000	109,000	114,699	(5,699)
Oil and lubrication	3,000	3,000		3,000
Parts and labor	39,000	39,000	31,676	7,324
Tires	6,500	6,500	6,454	46
Total police services	4,678,670	4,628,850	4,406,245	222,605
Department of human services:				
Office of human services:				
Human services director	79,444	79,444	35,304	44,140
Social services administrator	61,551	61,551	61,948	(397)
Youth and family services administrator	57,174	57,174	59,768	(2,594)
Human services program coordinator	37,653	37,653	37,671	(18)
Youth services program coordinator	16,891	16,891	15,638	1,253
Counseling services	36,000	36,000	35,420	580
Clerical salaries	60,525	60,525	58,936	1,589
Longevity	2,100	2,100	2,470	(370)
Postage	1,500	1,500	1,500	-
Consumable supplies	2,500	2,500	2,457	43
Telephone	3,500	3,500	2,912	588
Equipment	2,700	2,700	2,590	110
Reproduction and printing	3,750	3,750	3,969	(219)
Professional associations and publications	1,500	1,500	1,559	(59)
Youth and family services program	7,800	7,800	7,954	(154)
General assistance	30,000	30,000	28,893	1,107
Miscellaneous	500	500	652	(152)
Furniture and equipment	1,700	1,700	1,700	-
Training and education	1,000	1,000	1,000	-
Total office of human services	407,788	407,788	362,341	45,447
Commission on aging:				
Postage	1,500	1,500	1,500	-
Reproduction and printing	1,100	1,100	1,100	-
Program expense	2,200	2,200	2,200	-
Total commission on aging	4,800	4,800	4,800	-

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Recreation:				
Salary of director	\$ 54,314	\$ 54,314	\$ 54,255	\$ 59
Other salaries	14,928	14,928	11,740	3,188
Longevity	200	200		200
Officials and instructors	7,807	7,807	7,467	340
Consumable supplies	2,550	2,550	2,729	(179)
Telephone	600	600		600
Program expense	3,450	3,450	5,193	(1,743)
Equipment and trophies	1,600	1,600	4,328	(2,728)
Parts and labor	7,750	7,750	4,695	3,055
Utilities	2,250	2,250	1,539	711
Professional association / training	900	900	585	315
Total recreation	96,349	96,349	92,531	3,818
Housing Authority:				
Clerical salaries	700	700	600	100
Libraries:				
Westerly public library	86,810	86,810	86,810	-
Stonington free library	125,000	125,000	125,000	-
Mystic and Noank library	70,000	70,000	70,000	-
Stonington historical society	3,000	3,000	3,000	-
Total libraries	284,810	284,810	284,810	-
Outside agencies:				
Public health and nursing	23,028	23,028	23,028	-
Pawcatuck neighborhood center	118,000	118,000	118,000	-
Como senior citizens center	40,501	40,501	40,501	-
Mystic area shelter and hospital	4,000	4,000	4,000	-
Westerly area rest and meal	6,000	6,000	6,000	-
Westerly adult day services	7,500	7,500	7,500	-
Big Brothers/Big Sisters	1,500	1,500	1,500	-
Community vocational services	1,500	1,500	1,500	-
T.V.C.C.A.	1,000	1,000	1,000	-
Stonington prevention council	500	500	500	-
New London homeless hospitality	1,500	1,500	1,500	-
Total outside agencies	205,029	205,029	205,029	-
Total department of human services	999,476	999,476	950,111	49,365
Board of Education:				
Education expenditures	32,906,600	32,954,600	32,953,922	678
Total expenditures	55,561,590	55,559,770	54,775,035	784,735

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Other financing uses:				
Transfers out:				
Capital nonrecurring	\$ 868,606	\$ 960,233	\$ 960,233	\$ -
Sewer usage fund	300,000	300,000	300,000	-
Dog license fund	3,500	3,500	3,500	-
Total other financing uses	1,172,106	1,263,733	1,263,733	-
Grant total - expenditures and other financing uses	\$ 56,733,696	\$ 56,823,503	\$ 56,038,768	\$ 784,735

(Concluded)

Town of Stonington, Connecticut

Report of Tax Collector
Year Ended June 30, 2013

Grand List Year	Uncollected Taxes July 1, 2012	Current Levy	Lawful Corrections		Transfers to Suspense and Other Adjustments	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2013
			Additions	Deductions			Taxes	Interest and Liens	Total	
Suspense	\$	\$	\$	\$	\$ 9,504	\$ 9,504	\$ 9,504	\$ 5,213	\$ 14,717	\$ -
1996	274			274	-				-	-
1997	279				-	279			-	279
1998	508				-	508			-	508
1999	2,524				-	2,524			-	2,524
2000	2,605				-	2,605			-	2,605
2001	2,734				-	2,734	5	35	40	2,729
2002	1,982				-	1,982	57	121	178	1,925
2003	2,104				-	2,104	60	114	174	2,044
2004	2,313				-	2,313	64	108	172	2,249
2005	3,533				-	3,533	68	125	193	3,465
2006	7,711		758	107	(758)	7,604	3,152	3,191	6,343	4,452
2007	15,901		488	67	(489)	15,833	4,090	3,331	7,421	11,743
2008	35,312		701	63	(766)	35,184	24,521	6,642	31,163	10,663
2009	180,467		2,577	135,799	(3,296)	43,949	(50,008)	28,275	(21,733)	93,957
2010	736,945		6,055	153,151	(12,937)	576,912	437,802	106,848	544,650	139,110
Total Prior Years	995,192	-	10,579	289,461	(8,742)	707,568	429,315	154,003	583,318	278,253
2011		50,727,511	59,271	191,096	(16,429)	50,579,257	50,005,838	166,963	50,172,801	573,419
Totals	\$ 995,192	\$ 50,727,511	\$ 69,850	\$ 480,557	\$ (25,171)	\$ 51,286,825	\$ 50,435,153	\$ 320,966	\$ 50,756,119	\$ 851,672

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital assets other than those financed by proprietary and trust funds.

Town of Stonington, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

		Special Revenue Funds					
		Sewer Assessment Fund	Shellfish Fund	Town Aid Road Fund	Dog License Fund	SNEFLA Reserve Fund	Youth Service Activity Fund
<u>Assets</u>							
Cash		\$ 197,796	\$ 62,946	\$	\$ 8,490	\$ 65,616	\$ 187,208
Investments		4,459				83,455	
Receivables:							
Assessments/use charges		14,731					
Due from other funds		1,407		289,784	13,032		61
Total assets		<u>\$ 218,393</u>	<u>\$ 62,946</u>	<u>\$ 289,784</u>	<u>\$ 21,522</u>	<u>\$ 149,071</u>	<u>\$ 187,269</u>
<u>Liabilities</u>							
Accounts payable		\$	\$ 221	\$	\$ 12,056	\$	\$ 7,939
Due to other funds			813				
Total liabilities		<u>-</u>	<u>1,034</u>	<u>-</u>	<u>12,056</u>	<u>-</u>	<u>7,939</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue-sewer charges and assessments		14,731					
<u>Fund Balances</u>							
Restricted		203,662		289,784			
Committed			61,912			149,071	
Assigned					9,466		179,330
Total fund balances		<u>203,662</u>	<u>61,912</u>	<u>289,784</u>	<u>9,466</u>	<u>149,071</u>	<u>179,330</u>
Total liabilities, deferred inflows of resources and fund balances		<u>\$ 218,393</u>	<u>\$ 62,946</u>	<u>\$ 289,784</u>	<u>\$ 21,522</u>	<u>\$ 149,071</u>	<u>\$ 187,269</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

		Special Revenue Funds					
		Community Development Block Grant	Recreation Commission Fund	Sewer Usage Fund	Sewer Infiltration Fund	Sewer Development and Mainte- nance Fund	State Assets Forfeiture Program
<u>Assets</u>							
Cash		\$ 20,453	\$ 109,775	\$ 647,078	\$ 30,950	\$ 197,319	\$
Investments				253,068		305,406	3,639
Receivables:							
Loans		224,200		1,071,136			
Assessments/use charges				124			
Other							
Due from other funds						7,539	496
Total assets		<u>\$ 244,653</u>	<u>\$ 109,775</u>	<u>\$ 1,971,406</u>	<u>\$ 30,950</u>	<u>\$ 510,264</u>	<u>\$ 4,135</u>
<u>Liabilities</u>							
Accounts payable		\$ 9,100	\$ 9,505	\$ 15,937	\$	\$ 142	\$
Due to other funds			3,362	360,048		198	
Total liabilities		<u>9,100</u>	<u>12,867</u>	<u>375,985</u>	<u>-</u>	<u>340</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue-sewer charges and assessments				799,379			
Unavailable revenue-loans receivable		<u>224,200</u>					
Total deferred inflows of resources		<u>224,200</u>	<u>-</u>	<u>799,379</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>							
Restricted		11,353					4,135
Committed					30,950	509,924	
Assigned			96,908	796,042			
Total fund balances		<u>11,353</u>	<u>96,908</u>	<u>796,042</u>	<u>30,950</u>	<u>509,924</u>	<u>4,135</u>
Total liabilities, deferred inflows of resources and fund balances		<u>\$ 244,653</u>	<u>\$ 109,775</u>	<u>\$ 1,971,406</u>	<u>\$ 30,950</u>	<u>\$ 510,264</u>	<u>\$ 4,135</u>

(Continued)

Town of Stonington, Connecticut
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds					
	Federal Assets Forfeiture Program	Prepaid Education Grants Fund	DARE Program	Hot Lunch Program	Planning And Development Grant Fund	Human Services Grant
<u>Assets</u>						
Cash	\$	\$ 16,154	\$	\$ 106,186	\$	\$
Investments	1,507		1,344			
Receivables:						
Intergovernmental		1,026		52,888		
Due from other funds					87,377	26,432
Total assets	<u>\$ 1,507</u>	<u>\$ 17,180</u>	<u>\$ 1,344</u>	<u>\$ 159,074</u>	<u>\$ 87,377</u>	<u>\$ 26,432</u>
<u>Liabilities</u>						
Accounts payable	\$	\$ 2,746	\$	\$ 19,247	\$	\$ 26
Due to other funds	496	8,698				
Unearned revenue		5,736				19,728
Total liabilities	<u>496</u>	<u>17,180</u>	<u>-</u>	<u>19,247</u>	<u>-</u>	<u>19,754</u>
<u>Fund Balances</u>						
Restricted	1,011			139,827		6,678
Assigned			1,344		87,377	
Total fund balances	<u>1,011</u>	<u>-</u>	<u>1,344</u>	<u>139,827</u>	<u>87,377</u>	<u>6,678</u>
Total liabilities and fund balances	<u>\$ 1,507</u>	<u>\$ 17,180</u>	<u>\$ 1,344</u>	<u>\$ 159,074</u>	<u>\$ 87,377</u>	<u>\$ 26,432</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	Miscellaneous	Total	Capital Nonrecurring	
<u>Assets</u>				
Cash	\$ 10,257	\$ 1,660,228	\$ 56	\$ 1,660,284
Investments	387,517	1,040,395	1,837,427	2,877,822
Receivables:				
Loans		224,200		224,200
Assessments/use charges		1,085,867		1,085,867
Intergovernmental		53,914		53,914
Other		124		124
Due from other funds	116,920	543,048		543,048
Total assets	<u>\$ 514,694</u>	<u>\$ 4,607,776</u>	<u>\$ 1,837,483</u>	<u>\$ 6,445,259</u>
<u>Liabilities</u>				
Accounts payable	\$ 152,901	\$ 229,820	\$ 15,763	\$ 245,583
Due to other funds		373,615	61,043	434,658
Unearned revenue	11,299	36,763		36,763
Total liabilities	<u>164,200</u>	<u>640,198</u>	<u>76,806</u>	<u>717,004</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue-sewer charges and assessments		814,110		814,110
Unavailable revenue-loans receivable		224,200		224,200
Total deferred inflows of resources	<u>-</u>	<u>1,038,310</u>	<u>-</u>	<u>1,038,310</u>
<u>Fund Balances</u>				
Restricted		656,450		656,450
Committed		751,857	1,760,677	2,512,534
Assigned	350,494	1,520,961		1,520,961
Total fund balances	<u>350,494</u>	<u>2,929,268</u>	<u>1,760,677</u>	<u>4,689,945</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 514,694</u>	<u>\$ 4,607,776</u>	<u>\$ 1,837,483</u>	<u>\$ 6,445,259</u>

(Concluded)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds					
	Sewer Assessment Fund	Shellfish Fund	Town Aid Road Fund	Dog License Fund	SNEFLA Reserve Fund	Youth Service Activity Fund
Revenues:						
Intergovernmental	\$	\$	\$	\$	\$	\$
Charges for services	128,128	9,435	149,557	8,400	12,500	73,778
Revenues from use of Town money and property		141			76	387
Other				490		8,868
Total revenues	128,128	9,576	149,557	8,890	12,576	83,033
Expenditures:						
Current:						
General government		7,355				63,833
Public safety				6,189		
Highway department			21,545			
Recreation						20,267
Education						2,302
Total expenditures	-	7,355	21,545	6,189	-	86,402
Excess (deficiency) of revenues over expenditures	128,128	2,221	128,012	2,701	12,576	(3,369)
Other financing sources (uses):						
Transfers in				3,500		
Transfers out	(45,000)					
Net other financing sources (uses)	(45,000)	-	-	3,500	-	-
Net change in fund balance	83,128	2,221	128,012	6,201	12,576	(3,369)
Fund balances - July 1, 2012	120,534	59,691	161,772	3,265	136,495	182,699
Fund balances - June 30, 2013	\$ 203,662	\$ 61,912	\$ 289,784	\$ 9,466	\$ 149,071	\$ 179,330

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds					
	Community Development Block Grant	Recreation Commission Fund	Sewer Usage Fund	Sewer Infiltration Fund	Sewer Development and Mainten- ance Fund	State Assets Forfeiture Program
Revenues:						
Intergovernmental	\$ 224,775	\$	\$ 32,999	\$	\$	\$
Charges for services		88,072	2,076,971		130,753	
Revenues from use of Town money and property		168	104	69	340	
Other		2,850				1,461
Total revenues	224,775	91,090	2,110,074	69	131,093	1,461
Expenditures:						
Current:						
General government	207,690					
Public safety						965
Sanitation and waste removal			2,427,530			
Recreation		64,704				
Capital outlay					4,472	
Total expenditures	207,690	64,704	2,427,530	-	4,472	965
Excess (deficiency) of revenues over expenditures	17,085	26,386	(317,456)	69	126,621	496
Other financing sources (uses):						
Transfers in			300,000			
Net change in fund balance	17,085	26,386	(17,456)	69	126,621	496
Fund balances - July 1, 2012	(5,732)	70,522	813,498	30,881	383,303	3,639
Fund balances - June 30, 2013	\$ 11,353	\$ 96,908	\$ 796,042	\$ 30,950	\$ 509,924	\$ 4,135

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds					
	Federal Assets Forfeiture Program	Prepaid Education Grants Fund	DARE Program	Hot Lunch Program	Planning and Development Grant Fund	Human Services Grant
Revenues:						
Intergovernmental	\$	\$ 742,283	\$	\$ 368,285	\$ 359,934	\$ 31,455
Charges for services				608,036		871
Revenues from use of Town money and property				335		
Total revenues	-	742,283	-	976,656	359,934	32,326
Expenditures:						
Current:						
General government					342,381	126
Public safety	495					31,456
Education		742,283		978,449		
Total expenditures	495	742,283	-	978,449	342,381	31,582
Net change in fund balance	(495)	-	-	(1,793)	17,553	744
Fund balances - July 1, 2012	1,506		1,344	141,620	69,824	5,934
Fund balances - June 30, 2013	\$ 1,011	\$ -	\$ 1,344	\$ 139,827	\$ 87,377	\$ 6,678

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	Miscellaneous	Total	Capital Nonrecurring	
Revenues:				
Intergovernmental	\$ 369,768	\$ 2,279,056	\$ 287,574	\$ 2,566,630
Charges for services		3,136,944	8,334	3,145,278
Revenues from use of Town money and property	68	1,688	2,461	4,149
Other	300	13,969		13,969
Total revenues	370,136	5,431,657	298,369	5,730,026
Expenditures:				
Current:				
General government	4,000	625,385		625,385
Public safety	8,167	47,272		47,272
Highway department	208,325	229,870		229,870
Sanitation and waste removal		2,427,530		2,427,530
Recreation		84,971		84,971
Education		1,723,034		1,723,034
Capital outlay	208,406	212,878	1,438,987	1,651,865
Total expenditures	428,898	5,350,940	1,438,987	6,789,927
Excess (deficiency) of revenues over expenditures	(58,762)	80,717	(1,140,618)	(1,059,901)
Other financing sources (uses):				
Transfers in		303,500	960,233	1,263,733
Transfers out		(45,000)		(45,000)
Net other financing sources (uses)		258,500	960,233	1,218,733
Net change in fund balance	(58,762)	339,217	(180,385)	158,832
Fund balances - July 1, 2012	409,256	2,590,051	1,941,062	4,531,113
Fund balances - June 30, 2013	\$ 350,494	\$ 2,929,268	\$ 1,760,677	\$ 4,689,945

(Concluded)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

Private-Purpose Trust Funds

A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Town of Stonington, Connecticut

Agency Funds
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>Assets</u>				
Cash:				
Student activity	\$ 274,054	\$ 689,440	\$ 635,416	\$ 328,078
Tax sale escrow	12,294	6		12,300
Stonington Harbor management	300			300
BOE flex account	37,770	124,600	108,426	53,944
Total cash	324,418	814,046	743,842	394,622
Investments:				
Tax sale escrow	79,457	15		79,472
Due from other funds:				
Stonington harbor management	21,114	25,538	32,678	13,974
Mystic harbor management	8,045		305	7,740
Total due from other funds	29,159	25,538	32,983	21,714
Total assets	<u>\$ 433,034</u>	<u>\$ 839,599</u>	<u>\$ 776,825</u>	<u>\$ 495,808</u>
<u>Liabilities</u>				
Accounts payable:				
Student activity	\$ 274,054	\$ 689,440	\$ 635,416	\$ 328,078
Tax sale escrow	91,751	21		91,772
Stonington harbor management	21,414	25,538	32,678	14,274
Mystic harbor management	8,045		305	7,740
BOE flex account	37,770	124,600	108,426	53,944
Total accounts payable	<u>\$ 433,034</u>	<u>\$ 839,599</u>	<u>\$ 776,825</u>	<u>\$ 495,808</u>

Trend Information

Town of Stonington, Connecticut

Net Position by Component
Last Ten Years
(Unaudited)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
Net investment in capital assets	\$ 92,169,328	\$ 89,588,921	\$ 88,872,739	\$ 86,773,619	\$ 83,778,472	\$ 79,816,672	\$ 76,810,058	\$ 40,388,037	\$ 42,545,669	\$ 77,574,571
Restricted for:										
Public safety	5,146	5,145	6,248							
Highway department	289,784	161,772	103,222							
Sanitation and waste removal	203,662	120,534	88,972							
Human services	18,031	5,934	4,525							
Education	139,827	141,620	147,265							
Unrestricted	21,431,285	21,800,934	18,794,839	16,990,964	16,625,138	16,764,899	15,376,694	10,068,986	2,040,008	(4,377,952)
Total net position	<u>\$ 114,257,063</u>	<u>\$ 111,824,860</u>	<u>\$ 108,017,810</u>	<u>\$ 103,764,583</u>	<u>\$ 100,403,610</u>	<u>\$ 96,581,571</u>	<u>\$ 92,186,752</u>	<u>\$ 50,457,023</u>	<u>\$ 44,585,677</u>	<u>\$ 73,196,619</u>

Table 2

Town of Stonington, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

Fiscal Year

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:										
General government	\$ 6,683,580	\$ 5,853,817	\$ 8,017,134	\$ 8,017,134	\$ 7,022,960	\$ 8,237,984	\$ 4,971,379	\$ 5,753,136	\$ 5,255,537	\$ 5,340,934
Public safety	5,521,224	5,581,519	4,169,223	4,169,223	4,478,444	3,800,209	3,870,184	3,856,009	4,025,412	3,796,997
Highway department	3,664,057	3,511,527	3,083,424	3,083,424	2,537,942	2,777,352	2,122,313	2,501,400	2,187,644	2,190,601
Sanitation and waste removal	5,393,478	5,326,217	5,178,102	5,178,102	5,504,529	6,124,733	5,612,727	5,904,320	6,637,167	6,990,304
Health and welfare	720,024	777,536	343,692	343,692	581,805	672,159	658,744	659,279	458,300	563,998
Library	284,810	269,810	189,979	189,979	450,316	267,159	267,159	249,159	226,659	229,159
Recreation	174,252	297,402	183,653	183,653	153,603	128,473	128,940	114,811	97,177	91,674
Education	38,918,207	37,414,978	36,917,998	36,917,998	35,561,107	33,693,404	33,495,682	30,644,301	25,659,084	27,305,037
Interest expense	1,473,813	888,461	1,439,712	1,439,712	2,191,807	1,770,955	1,544,780	1,913,522	1,212,441	1,087,788
Total expenses	62,833,445	59,921,267	59,522,917	59,522,917	58,482,513	57,472,428	52,671,908	51,595,937	45,759,421	47,596,492
Program revenues:										
Charges for services:										
General government	750,359	711,631	803,809	803,809	597,524	968,032	960,447	1,227,325	1,455,818	1,210,692
Public safety	112,167	77,259	286,534	286,534	184,482	60,581	51,057	44,271	61,888	49,878
Highway department	199,124	244,472	256,784	256,784	429,827	2,517,134	2,371,438	2,337,035	1,205,263	2,438,145
Sanitation and waste removal	4,091,222	3,986,437	2,189,143	2,189,143	4,313,708	2,426,694	1,807,170	2,035,506	1,592,512	1,524,597
Health and welfare	74,649	96,865	33,825	33,825	21,988	5,747	1,035		10,447	12,822
Library			25,385	25,385	5,575					
Recreation	96,406	113,050	19,328	19,328	95,559	124,812	84,924	49,089	15,393	14,650
Education	675,144	601,777	2,308,078	2,308,078	678,522	710,631	735,093	714,953	616,829	663,503
Operating grants and contributions	7,746,843	7,436,627	7,386,033	7,386,033	7,086,405	7,019,039	6,590,101	6,155,082	5,375,910	4,383,023
Capital grants and contributions	647,508	425,334	1,937,799	1,937,799	1,228,228	148,937	327,083	1,869,356	916,594	3,798,219
Total program revenues	14,393,422	13,693,452	15,246,718	15,246,718	14,641,818	13,981,607	12,928,348	14,432,617	11,250,654	14,095,529
Net expenses:										
Governmental activities	(48,440,023)	(46,227,815)	(44,276,199)	(44,276,199)	(43,840,695)	(43,490,821)	(39,743,560)	(37,163,320)	(34,508,767)	(33,500,963)
General revenues:										
Property taxes	50,686,298	49,810,644	47,505,735	47,505,735	47,149,126	46,834,683	44,062,398	41,874,197	35,030,427	36,737,170
Investment income	171,959	167,948	222,137	222,137	408,849	962,047	1,289,267	900,590	286,123	215,225
Miscellaneous	13,969	56,273	441,549	441,549	59,729	100,806	262,618	410,855	139,227	3,800
Total general revenues	50,872,226	50,034,865	48,169,421	48,169,421	47,617,704	47,897,536	45,614,283	43,185,642	35,455,777	36,956,195
Change in net position	\$ 2,432,203	\$ 3,807,050	\$ 3,893,222	\$ 3,893,222	\$ 3,777,009	\$ 4,406,715	\$ 5,870,723	\$ 6,022,322	\$ 947,010	\$ 3,455,232

Table 3

Town of Stonington, Connecticut

Schedule of Debt Limitations
Year Ended June 30, 2013
(Unaudited)

Total tax collections (including interest and lien fees) for current year	\$ 50,756,119
Total tax collections (including interest and lien fees) of city, borough and all other taxing districts within the Town for the current year	4,091,803
Reimbursement for revenue loss on: Tax relief for elderly freeze	<u>6,645</u>
Base for debt limitation computation	<u><u>\$ 54,854,567</u></u>

Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 123,422,776	\$	\$	\$	\$
4 1/2 times base		246,845,552			
3 3/4 times base			205,704,626		
3 1/4 times base				178,277,343	
3 times base					164,563,701
Total debt limitation	<u>123,422,776</u>	<u>246,845,552</u>	<u>205,704,626</u>	<u>178,277,343</u>	<u>164,563,701</u>
Indebtedness:					
Bonds payable	4,106,400	19,983,600	11,580,000		
Fire District Debt	<u>2,620,672</u>				
Net indebtedness (1)	<u>6,727,072</u>	<u>19,983,600</u>	<u>11,580,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u><u>\$ 116,695,704</u></u>	<u><u>\$ 226,861,952</u></u>	<u><u>\$ 194,124,626</u></u>	<u><u>\$ 178,277,343</u></u>	<u><u>\$ 164,563,701</u></u>

Notes:

(1) The total of the above net indebtedness amounts to: \$ 38,290,672

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 383,981,969

**Federal
Single
Audit**

Town of Stonington, Connecticut
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	State Project Number	Expenditures
U.S. Department of Agriculture Passed through State Department of Education: Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-20508-82079-170005	\$ 52,217
National School Lunch Program- Cash	10.555	12060-20560-80279-170005	224,921
National School Lunch Program- Commodities	10.555	12060-20560-80279-170006	46,013
Special Milk Program for Children	10.556	12060-20500-82079-170005	1,807
Summer Food Service Program for Children	10.559	12060-22051-82079-170005	21,444
Total Child Nutrition Cluster			<u>346,402</u>
U.S. Department of Housing and Urban Development Passed through State Department of Economic and Community Development:			
Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii	14.228		<u>224,775</u>
U.S. Department of the Interior Passed through State Department of Energy and Environmental Protection: Clean Vessel Act	15.616		<u>904</u>
U.S. Department of Justice Passed through State Office of Policy and Management Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>5,011</u>
U.S. Department of Transportation Passed through State Department of Transportation:			
Highway - Cluster:			
Highway Planning and Construction	20.205	12602-DOT57151-22108	293,367
ARRA - Highway Planning and Construction	20.205	12602-DOT57151-29017	66,567
Total Highway - Cluster			<u>359,934</u>
Alcohol Open Container Requirements	20.607		4,213
Safety Belt Performance Grants	20.609		<u>3,954</u>
Total U.S. Department of Transportation			<u>368,101</u>
U.S. Department of Education Passed through State Department of Education:			
Title I - Cluster:			
Title I Grants to Local Educational Agencies	84.010	12060-20679-82070-2012-170002-SDE00005	26,534
Title I Grants to Local Educational Agencies	84.010	12060-20679-82070-2013-170002-SDE00005	90,743
Total Title I - Cluster			<u>117,277</u>
Special Education - Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	12060-20977-82032-2012-170002	21,698
Special Education - Grants to States (IDEA, Part B)	84.027	12060-20977-82032-2013-170002	477,794
Total Special Education - Grants to States (IDEA, Part B)	84.027		<u>499,492</u>
Special Education - Preschool Grants (IDEA Preschool)	84.173	12060-20983-82032-2013-170002	<u>12,585</u>
Total Special Education - Cluster			<u>512,077</u>

(Continued)

Town of Stonington, Connecticut
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	State Project Number	Expenditures
U.S. Department of Education (Continued)			
Career and Technical Education - Basic Grants to States	84.048	12060-20742-84010-2013-170002	\$ 21,139
Education Jobs Fund	84.410		1,781
Improving Teacher Quality State Grants	84.367	12060-20858-84131-2012-170002	12,413
Improving Teacher Quality State Grants	84.367	12060-20858-84131-2013-170002	51,648
Total Improving Teacher Quality State Grants	84.367		64,061
Total U.S. Department of Education			716,335
U.S. Department of Homeland Security			
Passed through State Emergency Management & Homeland Security: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		289,785
Passed through State of Connecticut Military Department: Emergency Management Performance Grants	97.042	12060-EHS99660-21881	9,257
Total U.S. Department of Homeland Security			299,042
Total Federal Awards			\$ 1,960,570
			(Concluded)

See Notes to Schedule of Expenditures of Federal Awards.

Town of Stonington, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

1. Significant Accounting Policy

The accounting policies of the Town of Stonington, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to Federal awards:

Basis of Presentation

The accompanying schedule of expenditures of Federal awards is presented on the modified accrual basis of accounting and a current financial resources measurement focus. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. Noncash Federal Awards

The Town received and expended \$46,013 of USDA donated commodities under the National School Lunch Program.

3. Prior Year Findings and Questioned Costs

There were no prior year audit findings or questioned costs.

Town of Stonington, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

I. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified yes x no
- Significant deficiency(ies) identified? yes x none reported

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with
OMB Circular A-133, Section .510(a)? yes x no

Identification of major programs:

CFDA Number	Name of Federal Program
20.205	Highway Cluster
84.027/84.173	Special Education Cluster
10.553/10.555/10.556/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? x yes no

II. Financial Statement Findings:

None

III. Federal Award Findings and Questioned Costs:

There were no findings or questioned costs reported relating to the Federal Awards programs.

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Finance
Town of Stonington, Connecticut

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 23, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CohnReznick LLP". The signature is written in a cursive, flowing style.

New London, Connecticut
December 23, 2013

Independent Auditor's Report on Compliance for Each
Major Federal Program and Report on Internal Control over
Compliance Required by OMB Circular A-133

Board of Finance
Town of Stonington, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Stonington, Connecticut's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town's major Federal programs for the year ended June 30, 2013. The Town's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CohnReznick LLP".

New London, Connecticut
December 23, 2013

**State
Single
Audit**

Town of Stonington, Connecticut

**Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2013**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-Ct Number	Expenditures
Department of Education:		
Adult Education	11000-SDE64000-17030	\$ 17,069
Health Services	11000-SDE64000-17034	9,163
School Breakfast	11000-SDE64000-17046	12,918
Youth Services Bureau	11000-SDE64000-17052	19,281
Magnet Schools	11000-SDE64000-17057	66,300
Youth Services Bureau Enhancement	11000-SDE64000-16201	6,111
Child Nutrition State Matching Grant	11000-SDE64000-16211	9,586
Healthy Foods Initiative	11000-SDE64370-16212	20,823
Department of Transportation:		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	149,557
Fix it First - Repair Bridges	13033-DOT57191-43123	5,324
IMP State Bridge/Railroads	13033-DOT57191-41393	27,675
Office of Policy and Management:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	21,519
Property Tax Relief on Property of Disabled Persons	11000-OPM20600-17011	1,576
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	116,609
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	6,645
Property Tax Relief for Veterans	11000-OPM20600-17024	15,535
Local Capital Improvement Program	12050-OPM20600-40254	287,574
Department of Emergency Services and Public Protection:		
Telecommunications Fund	12060-DPS32740-35190	62,805
Connecticut State Library:		
Historic Documents Preservation Grants	12060-CSL66094-35150	4,000
Total State Financial Assistance before Exempt Programs		860,070
<u>Exempt Programs:</u>		
Department of Education:		
Transportation of School Children	11000-SDE64000-17027	28,246
Education Cost Sharing	11000-SDE64000-17041	2,069,038
Excess Cost - Student Based	11000-SDE64000-17047	967,774
Nonpublic School Transportation	11000-SDE64000-17049	3,172
Office of Policy And Management:		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	38,077
Municipal Revenue Sharing	12060-OPM20600-35458	198,653
Total Exempt Programs		3,304,960
Grand Total State Financial Assistance		\$ 4,165,030

See Notes to Schedule of Expenditures of State Financial Assistance.

Town of Stonington, Connecticut

Notes to Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2013

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Stonington, Connecticut, under programs of the State of Connecticut for the fiscal year ended June 30, 2013. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, education, public safety, public works, sanitation and social services.

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Stonington, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

2. Loan Program

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the schedule of expenditures of state financial assistance shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2013.

Department of Environmental Protection:

Clean Water Funds 21014-OTT14230-4001:

<u>Grant ID</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>July 1, 2012</u>	<u>Balance Retired</u>	<u>Balance June 30, 2013</u>
196-C1	1998	2.0%	\$ 1,563,519	\$ 375,771	\$ 75,154	\$ 300,617
196-CD1	06/30/00	2.0%	1,148,280	<u>378,693</u>	<u>72,772</u>	<u>305,921</u>
				<u>\$ 754,464</u>	<u>\$ 147,926</u>	<u>\$ 606,538</u>

3. Prior Year Findings and Questioned Costs

There were no prior year audit findings or questioned costs.

Town of Stonington, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

I. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted?

 yes x no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified yes x no
- Significant deficiency(ies) identified? yes x none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations of the State Single Audit Act?

 yes x no

Dollar threshold used to distinguish between type A and type B programs \$ 100,000

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Office of Policy and Management:		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	\$ 116,609
Local Capital Improvement Program	12050-OPM20600-40254	287,574
Department of Transportation:		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	149,557

II. Financial Statement Findings:

There were no findings reported relating to the Town's financial statements.

III. State Financial Assistance Findings and Questioned Costs:

No findings or questioned costs are reported relating to State Financial Assistance programs.

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Finance
Town of Stonington, Connecticut

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 23, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

New London, Connecticut
December 23, 2013

Independent Auditor's Report on Compliance for Each Major
State Program and Report on Internal Control Over
Compliance Required by the State Single Audit Act

Board of Finance
Town of Stonington, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Stonington, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2013. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.



New London, Connecticut
December 23, 2013