

**Annual Financial Report**  
**of the**  
**Town of Stonington, Connecticut**  
**Year Ended June 30, 2014**

# Town of Stonington, Connecticut

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## **Introductory Section**

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**Town of Stonington, Connecticut**

**List of Principal Officials  
June 30, 2014**

**Board of Selectmen**

George A. Crouse, First Selectman  
Rob Simmons, Selectman  
Michael Spellman, Selectman

**Board of Finance**

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

**Town Departments**

James Sullivan, CPA, Interim Director of Finance  
Paul Cravinho, Treasurer  
Bill King, Business Manager  
Marsha Standish, Assessor  
Linda Carmelio, Tax Collector  
Dr. Van W. Riley, Superintendent of Schools  
Barbara McKrell, 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  
Scot Deledda, Town Engineer  
Vincent Pacileo III, Director of Administrative Services  
John Phetteplace – Solid Waste Manager

**Auditors**

CohnReznick LLP

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## **Financial Section**

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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, 2014, 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, 2014, 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 pension plan and other post-employment benefit plan schedules on pages 5 to 13 and pages 59 to 65, 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 basic financial statements.

The supplemental schedules, 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.

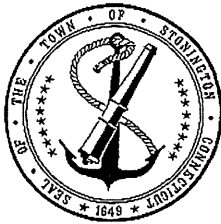
The introductory and trend information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2015, 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 black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

New London, Connecticut  
February 26, 2015



# TOWN OF STONINGTON

152 Elm Street • Stonington, Connecticut 06378

Tel: 860 535-5070 Fax: 860 535-0602

## **Management's Discussion and Analysis June 30, 2014**

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, 2014. 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 \$114,954,889 (net position).
- ♦ The Town's total net position increased by \$697,826. Factors leading to this increase include an increase in the Town's infrastructure coupled with a planned increase in property taxes.
- ♦ As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$23,408,358, an increase of \$1,121,157 in comparison with the prior year.
- ♦ At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,637,386, or 21.7% of total general fund budgetary expenditures and transfers.
- ♦ The Town of Stonington's total long-term debt increased by \$950,619 during the current fiscal year. The increase was due to the issuance of \$4,285,000 of general obligation bonds offset by principal payments of \$3,334,381 on current 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).

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

	2014	2013
	<hr/>	<hr/>
Current and other assets	\$ 34,596,872	\$ 34,802,227
Capital assets (net)	131,302,418	124,504,962
	<hr/>	<hr/>
Total assets	165,899,290	159,307,189
	<hr/>	<hr/>
Deferred outflows of resources	1,515,718	1,599,925
	<hr/>	<hr/>
Other liabilities	8,034,387	9,214,951
Long-term liabilities	44,425,732	37,435,100
	<hr/>	<hr/>
Total liabilities	52,460,119	46,650,051
	<hr/>	<hr/>
Net position:		
Net investment in capital assets	89,847,001	92,169,328
Restricted	638,320	656,450
Unrestricted	24,469,568	21,431,285
	<hr/>	<hr/>
Total net position	\$ 114,954,889	\$ 114,257,063
	<hr/>	<hr/>

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 \$114,954,889 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (78.2%) 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 21.2%, 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**

	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 5,920,425	\$ 5,999,071
Operating grants and contributions	8,208,821	7,348,229
Capital grants and contributions	403,710	647,508
General revenues:		
Property taxes	51,881,485	50,686,298
Grants and contributions not restricted to specific programs	417,790	398,614
Investment income	196,867	171,959
Miscellaneous	58,151	13,969
Total revenues	67,087,249	65,265,648
Expenses:		
General government	7,433,041	6,683,580
Public safety	5,422,414	5,521,224
Highway department	4,400,717	3,664,057
Sanitation and waste removal	5,743,250	5,393,478
Health and welfare	725,329	720,024
Library	284,810	284,810
Recreation	171,977	174,252
Education	40,881,875	38,918,207
Interest on long-term debt	1,326,010	1,473,813
Total expenses	66,389,423	62,833,445
Increase in net position	697,826	2,432,203
Net position - July 1	114,257,063	111,824,860
Net position - June 30	\$ 114,954,889	\$ 114,257,063

For governmental activities, approximately 77.4% of revenues were derived from property taxes, followed by grants and contributions 13.4%, charges for services 8.8% and investment earnings/miscellaneous 0.4%.

Major revenue factors included:

- ♦ Property tax revenues recorded during the fiscal year reflect an increase of 2.4% due to the increase in the mill rate from 15.89 in 2012-13 to 19.88 in 2013-14.

### **Governmental activities (continued)**

For governmental activities, approximately 61.6% of the Town's expenses relates to education, followed by 11.2% to general government, 8.2% to public safety, 8.6% to sanitation and waste removal, 6.6% to highway department, 2.0% to interest on long-term debt, 1.1% to health and welfare, 0.3% to recreation and 0.4% to library.

- ♦ Education expenses in the general fund increased by 5.0% from \$38.9 million to \$40.9 million due to contractual agreements and an increase in the State's on-behalf contribution into the State Teacher's Retirement System.
- ♦ General government expenses increased by 11.2% from \$6.7 million to \$7.4 million mainly due to contractual increases to salaries and related benefits and an increase in depreciation expense.
- ♦ Highway department expenses increased by 20.1% from \$3.7 million to \$4.4 million due to an increase in road maintenance expenditures.

### **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 \$23,408,358, an increase of \$1,121,157 in comparison with the prior year. \$12,637,386, or 54.0%, 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 (\$638,320).
2. Committed for Capital Projects, Sewer Assessments, and Sewer Usage (\$7,691,791).
3. Assigned for subsequent year's budget, encumbrances or specific purposes (\$2,440,861).

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 \$12,637,386, while total fund balance reached \$13,064,960. 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 22.4% of that same amount.

During the current fiscal year, the fund balance of the Town's general fund decreased by \$744,718. The decrease was attributable to an additional appropriation of \$1,200,000 to the capital nonrecurring fund for the elementary school roof project partially offset by favorable operating results.

The Bonded Capital Projects Fund had an increase of \$224,563 in its fund balance due to debt proceeds exceeding expenditures related to bonded project.

### **Proprietary fund**

The Internal Service Fund is the Town's only proprietary fund. Unrestricted net position in the fund at year end was \$3,748,828, a decrease of \$277,922 from the prior year

### **General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was \$1,200,000. The difference between the original budget and the final budget is due to an additional appropriation approved by the Board of Finance:

- ♦ Transfers out to capital nonrecurring fund of \$1,200,000 for elementary school roof project.

### **Capital Assets and Debt Administration**

#### **Capital assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$131,302,418 (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)**

	2014	2013
	<hr/>	<hr/>
Land	\$ 11,028,391	\$ 11,028,391
Construction in progress	15,953,408	9,340,749
Land and building improvements	7,127,994	7,408,636
Buildings	36,224,902	37,504,524
Machinery and equipment	1,706,746	1,852,230
Infrastructure	58,325,165	56,696,354
Vehicles	935,812	674,078
	<hr/>	<hr/>
Total	<u><u>\$ 131,302,418</u></u>	<u><u>\$ 124,504,962</u></u>

The capital assets (net of depreciation) increased in the current year by \$6,797,456. 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 \$10,470,292. The additions consisted mainly of the following:

- ♦ Wastewater Treatment Facility - \$6.6 million.
- ♦ Police boat - \$335,000
- ♦ Multiple road paving and sidewalk projects - \$3.2 million.

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 \$37,227,157. All debt is backed by the full faith and credit of the Town.

**Town of Stonington, Connecticut  
Outstanding Debt**

	2014	2013
	<hr/>	<hr/>
General obligation bonds and notes	<u><u>\$ 37,227,157</u></u>	<u><u>\$ 36,276,538</u></u>

During the current fiscal year, the Town's total long-term debt increased by \$950,619. The increase was due to the issuance of \$4,285,000 of bonds offset by principal payments of \$3,334,381 on current debt.

In February 2014, Moody's upgraded the Town's credit rating from a "Aa2" to a "Aa1" 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 \$394,122,015, 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 June 2014, the unemployment rate not seasonally adjusted for the Town was at 5.1%, which compares favorably to the state's average unemployment rate of 6.5% and a national unemployment rate of 6.1%.

### **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 Interim Director of Finance, James P. Sullivan, CPA, Town of Stonington, 152 Elm Street, Stonington, CT 06378.

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## **Basic Financial Statements**

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Town of Stonington, Connecticut

Statement of Net Position  
June 30, 2014

	<u>Assets</u>	<u>Governmental Activities</u>
Current assets:		
Cash		\$ 8,229,089
Investments		22,076,536
Receivables:		
Property taxes		677,224
Loans		224,200
Assessments/user charges		864,217
Intergovernmental		808,384
Other		373,527
Other		24,909
Total current assets		<u>33,278,086</u>
Noncurrent assets:		
Receivables (net):		
Property taxes		363,074
Assessments/user charges		205,149
Total receivables (net)		<u>568,223</u>
Other noncurrent assets:		
Net pension asset		683,231
Net OPEB asset		67,332
Total other noncurrent assets		<u>750,563</u>
Capital assets (net of accumulated depreciation):		
Land		11,028,391
Construction in progress		15,953,408
Land and building improvements		7,127,994
Buildings		36,224,902
Machinery and equipment		1,706,746
Infrastructure		58,325,165
Vehicles		935,812
Total capital assets		<u>131,302,418</u>
Total noncurrent assets		<u>132,621,204</u>
Total assets		<u>165,899,290</u>

Deferred Outflows of Resources

Deferred charges on refunding	<u>1,515,718</u>
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(Continued)

Town of Stonington, Connecticut

Statement of Net Position  
June 30, 2014

	<u>Governmental Activities</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 3,592,504
Accrued payroll and related liabilities	284,782
Accrued interest payable	353,200
Unearned revenue	115,672
Internal balances	40,109
Bonds and notes payable	3,355,866
Compensated absences	267,254
Landfill postclosure costs	<u>25,000</u>
Total current liabilities	<u>8,034,387</u>
Noncurrent liabilities:	
Bonds, notes, and related liabilities	42,670,368
Compensated absences	1,069,014
Landfill postclosure costs	250,000
Heart and hypertension	<u>436,350</u>
Total noncurrent liabilities	<u>44,425,732</u>
Total liabilities	<u>52,460,119</u>
<u>Net Position</u>	
Net investment in capital assets	89,847,001
Restricted for:	
Public safety	5,822
Highway department	280,488
Sanitation and waste removal	215,378
Human services	8,933
Education	127,699
Unrestricted	<u>24,469,568</u>
Total net position	<u>\$ 114,954,889</u>
	(Concluded)

See Notes to Financial Statements.

## Town of Stonington, Connecticut

Statement of Activities  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 7,433,041	\$ 851,715	\$ 250,884	\$ -	\$ (6,330,442)
Public safety	5,422,414	113,262	72,549	360,146	(4,876,457)
Highway department	4,400,717	235,360	473,573	43,564	(3,648,220)
Sanitation and waste removal	5,743,250	3,887,694	-	-	(1,855,556)
Health and welfare	725,329	96,818	31,965	-	(596,546)
Library	284,810	-	-	-	(284,810)
Recreation	171,977	127,833	19,373	-	(24,771)
Education	40,881,875	607,743	7,360,477	-	(32,913,655)
Interest expense	1,326,010	-	-	-	(1,326,010)
Total governmental activities	<u>\$ 66,389,423</u>	<u>\$ 5,920,425</u>	<u>\$ 8,208,821</u>	<u>\$ 403,710</u>	<u>\$ (51,856,467)</u>
General revenues:					
Property taxes					\$ 51,881,485
Grants and contributions not restricted to specific programs					417,790
Investment income					196,867
Miscellaneous					58,151
Total general revenues					<u>52,554,293</u>
Change in net position					697,826
Net position - July 1, 2013					<u>114,257,063</u>
Net position - June 30, 2014					<u>\$ 114,954,889</u>

See Notes to Financial Statements.

Town of Stonington, Connecticut

Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 6,665,290	\$ -	\$ 1,563,799	\$ 8,229,089
Investments	15,219,445	-	3,079,033	18,298,478
Receivables, net:				
Property taxes	845,844	-	-	845,844
Loans	-	-	224,200	224,200
Assessments/use charges	-	-	1,069,366	1,069,366
Intergovernmental	188,389	550,000	69,995	808,384
Other	369,129	-	4,398	373,527
Due from other funds	1,039,599	5,846,379	1,848,388	8,734,366
Other assets	24,909	-	-	24,909
Total assets	<u>\$ 24,352,605</u>	<u>\$ 6,396,379</u>	<u>\$ 7,859,179</u>	<u>\$ 38,608,163</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,924,759	\$ 983,483	\$ 209,262	\$ 3,117,504
Accrued payroll and related liabilities	284,782	-	-	284,782
Due to other funds	8,176,597	850,755	192,893	9,220,245
Unearned revenue	10,423	-	105,249	115,672
Total liabilities	<u>10,396,561</u>	<u>1,834,238</u>	<u>507,404</u>	<u>12,738,203</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue-property taxes	705,572	-	-	705,572
Unavailable revenue-sewer charges and assessments	-	-	796,318	796,318
Unavailable revenue-loans receivable	-	-	224,200	224,200
Unavailable revenue-intergovernmental receivable	185,512	550,000	-	735,512
Total deferred inflows of resources	<u>891,084</u>	<u>550,000</u>	<u>1,020,518</u>	<u>2,461,602</u>
<u>Fund Balances</u>				
Restricted	-	-	638,320	638,320
Committed	-	4,012,141	3,679,650	7,691,791
Assigned	427,574	-	2,013,287	2,440,861
Unassigned	12,637,386	-	-	12,637,386
Total fund balances	<u>13,064,960</u>	<u>4,012,141</u>	<u>6,331,257</u>	<u>23,408,358</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,352,605</u>	<u>\$ 6,396,379</u>	<u>\$ 7,859,179</u>	<u>\$ 38,608,163</u>

(Continued)



**Town of Stonington, Connecticut**  
**Reconciliation of Fund Balances**  
**to Net Position of Governmental Activities**  
**June 30, 2014**

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)	\$ 23,408,358
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets and current additions	134,975,254
Depreciation expense	(3,672,519)
Disposal of capital assets	(317)

Other long-term assets are not available resources and, therefore, are not reported in the funds:

Property tax interest and lien accrual	246,454
Allowance for doubtful accounts	(52,000)
Net pension asset	683,231
Net OPEB asset	67,332

Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:

Property tax, sewer assessments and CDBG loan receivable-accrual basis change	1,726,090
Intergovernmental receivable-accrual basis change	735,512

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	3,748,828
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bond, BAN's and notes payable	(43,812,157)
Premiums	(2,214,077)
Deferred charges on refunding	1,515,718
Compensated absences	(1,336,268)
Landfill postclosure costs	(275,000)
Heart and hypertension	(436,350)
Accrued interest payable	(353,200)

Net position of governmental activities	\$ 114,954,889
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(Concluded)

## Town of Stonington, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2014**

	General	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 51,736,929	\$ -	\$ -	\$ 51,736,929
Intergovernmental	6,672,590	-	2,357,731	9,030,321
Charges for services	2,902,421	-	3,035,796	5,938,217
Income from investments	195,066	-	1,524	196,590
Other	-	-	168,671	168,671
Total revenues	<u>61,507,006</u>	<u>-</u>	<u>5,563,722</u>	<u>67,070,728</u>
Expenditures:				
Current:				
General government	7,182,511	-	291,722	7,474,233
Public safety	4,377,609	-	350,304	4,727,913
Highway department	2,344,922	-	307,869	2,652,791
Sanitation and waste removal	2,340,832	-	2,327,214	4,668,046
Human services	341,696	-	-	341,696
Social services	231,527	-	-	231,527
Recreation	92,277	-	79,700	171,977
Libraries	284,810	-	-	284,810
Payments to other civic divisions	221,747	-	-	221,747
Education	37,748,407	-	1,899,830	39,648,237
Debt service	4,631,674	88,933	-	4,720,607
Capital outlay	-	10,583,438	1,119,483	11,702,921
Total expenditures	<u>59,798,012</u>	<u>10,672,371</u>	<u>6,376,122</u>	<u>76,846,505</u>
Excess (deficiency) of revenues over expenditures	<u>1,708,994</u>	<u>(10,672,371)</u>	<u>(812,400)</u>	<u>(9,775,777)</u>
Other financing sources (uses):				
Issuance of debt	-	10,870,000	-	10,870,000
Premiums	-	26,934	-	26,934
Transfers in	-	-	2,453,712	2,453,712
Transfers out	<u>(2,453,712)</u>	<u>-</u>	<u>-</u>	<u>(2,453,712)</u>
Net other financing sources (uses)	<u>(2,453,712)</u>	<u>10,896,934</u>	<u>2,453,712</u>	<u>10,896,934</u>
Net change in fund balances	<u>(744,718)</u>	<u>224,563</u>	<u>1,641,312</u>	<u>1,121,157</u>
Fund balances - July 1, 2013	<u>13,809,678</u>	<u>3,787,578</u>	<u>4,689,945</u>	<u>22,287,201</u>
Fund balances - June 30, 2014	<u>\$ 13,064,960</u>	<u>\$ 4,012,141</u>	<u>\$ 6,331,257</u>	<u>\$ 23,408,358</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, 2014**

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) \$ 1,121,157

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	10,470,292
Depreciation expense	<u>(3,672,519)</u>
 Total	 <u>6,797,773</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

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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	94,764
Change in property tax interest and lien revenue	<u>32,000</u>
 Total	 <u>126,764</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:	
Issuance of debt	(10,870,000)
Premiums	(26,934)
Principal payments	
General obligation bonds and bond anticipation note	3,334,381
Premiums	162,271
Deferred charges on refunding	<u>(84,207)</u>
 Total	 <u>(7,484,489)</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	494,836
Accrued interest payable	(17,848)
Net pension asset	(18,745)
Net OPEB asset	(35,679)
Heart and hypertension	(32,704)
Landfill postclosure costs	<u>25,000</u>
 Total	 <u>414,860</u>

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

The net revenues of the activities of the internal service fund is reported with governmental activities (277,922)

Change in net position of governmental activities (Exhibit B) \$ 697,826

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, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 51,441,336	\$ 51,441,336	\$ 51,736,929	\$ 295,593
Intergovernmental	2,465,879	2,465,879	2,753,590	287,711
Charges for services	2,459,148	2,459,148	2,902,421	443,273
Revenues from use of Town money and property	145,300	145,300	195,066	49,766
Total revenues	56,511,663	56,511,663	57,588,006	1,076,343
Expenditures:				
Current:				
General government	7,629,008	7,613,186	7,207,163	406,023
Public safety	4,734,095	4,742,291	4,375,109	367,182
Highway department	2,325,856	2,328,733	2,322,810	5,923
Sanitation and waste removal	2,511,629	2,449,348	2,337,471	111,877
Human services	346,172	349,379	341,953	7,426
Social services	232,529	232,529	231,229	1,300
Recreation	95,323	96,626	96,423	203
Libraries	284,810	284,810	284,810	-
Payments to other civic divisions	221,747	221,747	221,747	-
Education	33,733,623	33,733,623	33,709,980	23,643
Debt service	4,569,159	4,631,679	4,631,674	5
Total expenditures	56,683,951	56,683,951	55,760,369	923,582
Excess of revenues over expenditures	(172,288)	(172,288)	1,827,637	1,999,925
Other financing sources (uses):				
Appropriation of fund balance	1,373,000	2,573,000	-	(2,573,000)
Cancellation of prior year encumbrances	8,000	8,000	36,884	28,884
Transfers in	45,000	45,000	-	(45,000)
Transfers out	(1,253,712)	(2,453,712)	(2,453,712)	-
Net other financing sources (uses)	172,288	172,288	(2,416,828)	(2,589,116)
Net change in fund balance	\$ -	\$ -	\$ (589,191)	\$ (589,191)
Fund balance - July 1, 2013			13,517,077	
Fund balance - June 30, 2014			\$ 12,927,886	

See Notes to Financial Statements.

## Town of Stonington, Connecticut

Statement of Net Position  
 Proprietary Funds  
 June 30, 2014

	Governmental Activities
	Internal Service Fund
<u>Assets</u>	
Current assets:	
Investments	\$ 3,778,058
Due from other funds	445,770
Total current assets	4,223,828
<u>Liability</u>	
Current liability:	
Accounts payable	475,000
<u>Net Position</u>	
Unrestricted	\$ 3,748,828

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, 2014**

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services	\$ 7,127,436
Operating expenses:	
Medical claims	6,226,384
Administration and other	<u>1,179,251</u>
Total operating expenses	<u>7,405,635</u>
Operating income (loss)	(278,199)
Nonoperating revenues:	
Investment income	<u>277</u>
Change in net position	(277,922)
Net position - July 1, 2013	<u>4,026,750</u>
Net position - June 30, 2014	<u><u>\$ 3,748,828</u></u>

See Notes to Financial Statements.

## Town of Stonington, Connecticut

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2014**

	Governmental Activities
	<hr/>
	Internal Service Fund
	<hr/>
Cash flows from operating activities:	
Cash received for charges	\$ 7,797,869
Cash paid for claims and other	(6,180,384)
Cash paid for administration	<u>(1,179,251)</u>
Net cash provided by (used in) operating activities	438,234
Cash flows from investing activities:	
Investment income	<u>277</u>
Net increase (decrease) in cash and cash equivalents	438,511
Cash and cash equivalents - July 1, 2013	<u>3,339,547</u>
Cash and cash equivalents - June 30, 2014	<u><u>\$ 3,778,058</u></u>
Reconciliation to Exhibit G - Cash:	
Cash and cash equivalents per above	\$ 3,778,058
Cash and cash equivalents reported as investments	<u>(3,778,058)</u>
Cash - Exhibit G	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (278,199)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Due from other funds	670,433
Increase (decrease) in:	
Accounts payable	<u>46,000</u>
Net cash provided by (used in) operating activities	<u><u>\$ 438,234</u></u>

See Notes to Financial Statements.

## Town of Stonington, Connecticut

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	Pension Trust Fund	Police OPEB Trust Fund	OPEB Trust Fund	Private- Purpose Trust Fund	Agency Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>Assets</u>					
Cash	\$ -	\$ 14,729	\$ 3,958	\$ 18,478	\$ 351,175
Investments:					
Certificates of deposit	1,249,611	-	-	128,159	
Pooled fixed income	-	-	-	-	79,478
Equities	-	270,430	151,082	-	-
Corporate bonds	-	263,660	260,455	-	-
U.S. government agency obligations	-	119,022	119,291	-	-
Equity mutual funds	19,027,071	261,438	175,914	-	-
Money market mutual funds	-	45,894	6,788	-	-
Fixed income mutual funds	9,042,954	90,698	90,065	-	-
Municipal bonds	-	56,996	26,124	-	-
	<u>29,319,636</u>	<u>1,108,138</u>	<u>829,719</u>	<u>128,159</u>	<u>79,478</u>
Total investments					
Due from other funds	-	10,000	-	-	30,109
	<u>29,319,636</u>	<u>1,132,867</u>	<u>833,677</u>	<u>146,637</u>	<u>460,762</u>
Total assets					
<u>Liability</u>					
Liability:					
Accounts payable	-	-	-	-	460,762
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>460,762</u>
<u>Net Position</u>					
Net position held in trust for pension benefits and other trusts	<u>\$ 29,319,636</u>	<u>\$ 1,132,867</u>	<u>\$ 833,677</u>	<u>\$ 146,637</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, 2014**

	Pension Trust Fund	Police OPEB Trust Fund	OPEB Trust Fund	Private- Purpose Trust Fund
Additions:				
Contributions:				
Employer	\$ 1,147,449	\$ 69,594	\$ 90,000	\$ -
Employee	257,396	47,594	-	-
Total contributions	1,404,845	117,188	90,000	-
Investment income (loss):				
Net change in fair value of investments	3,089,695	81,696	48,809	-
Interest and dividends	707,862	31,764	24,615	124
Total investment income (loss)	3,797,557	113,460	73,424	124
Less investment expense	32,545	-	-	-
Net investment income (loss)	3,765,012	113,460	73,424	124
Total additions	5,169,857	230,648	163,424	124
Deductions:				
Benefits	1,270,805	40,246	-	5,393
Administration	47,133	13,870	9,224	-
Total deductions	1,317,938	54,116	9,224	5,393
Change in net position	3,851,919	176,532	154,200	(5,269)
Net position - July 1, 2013	25,467,717	956,335	679,477	151,906
Net position - June 30, 2014	\$ 29,319,636	\$ 1,132,867	\$ 833,677	\$ 146,637

See Notes to Financial Statements.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014**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  
June 30, 2014

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 *Police OPEB 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  
June 30, 2014

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  
June 30, 2014**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 6% of outstanding receivable balances at June 30, 2014 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  
June 30, 2014

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  
June 30, 2014**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  
June 30, 2014

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  
June 30, 2014

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  
June 30, 2014

- 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 \$1,200,000 made during the year.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014

- 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, 2014	\$ 57,588,006	\$ 55,760,369	\$ 12,927,886
Encumbrances outstanding at June 30, 2013 liquidated during the year ended June 30, 2014	-	255,717	-
Encumbrances outstanding at June 30, 2014, charged to budgetary expenditures	-	(137,074)	137,074
State Teachers' Retirement on-behalf payment	<u>3,919,000</u>	<u>3,919,000</u>	<u>-</u>
Balance, GAAP Basis, Exhibit D - June 30, 2014	<u>\$ 61,507,006</u>	<u>\$ 59,798,012</u>	<u>\$ 13,064,960</u>

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014

## 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, 2014, \$20,634,978 of the Town's bank balance of \$25,276,550 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 18,425,173
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>2,209,805</u>
Total amount subject to custodial credit risk	<u>\$ 20,634,978</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, 2014, 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	\$ 9,223,717	\$ -	\$ 9,223,717	\$ -	\$ -	\$ -
Equity mutual funds	19,464,423	19,464,423	-	-	-	-
Money market mutual funds	52,682	-	52,682	-	-	-
Money markets/CDs	15,718,177	-	9,147,637	6,570,540	-	-
Pooled fixed income	7,815,607	-	7,815,607	-	-	-
U.S. government agency securities	238,313	-	-	-	24,317	213,996
Equities	421,512	421,512	-	-	-	-
Corporate bonds	524,115	-	25,147	292,248	206,720	-
Municipal bonds	<u>83,120</u>	<u>-</u>	<u>-</u>	<u>26,124</u>	<u>56,996</u>	<u>-</u>
	<u>\$ 53,541,666</u>	<u>\$19,885,935</u>	<u>\$ 26,264,790</u>	<u>\$ 6,888,912</u>	<u>\$ 288,033</u>	<u>\$ 213,996</u>

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014

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 Agency Securities	Money Market Mutual Funds	Fixed Income Mutual Funds
AAA	\$ 7,815,607	\$ 28,481	\$ -	\$ 238,313	\$ -	\$ -
AA	-	51,934	83,120	-	-	-
A	-	388,164	-	-	-	-
BBB	-	55,536	-	-	-	-
Unrated	-	-	-	-	52,682	9,223,717
Total	<u>\$ 7,815,607</u>	<u>\$ 524,115</u>	<u>\$ 83,120</u>	<u>\$ 238,313</u>	<u>\$ 52,682</u>	<u>\$ 9,223,717</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 agency securities	\$ 238,313	\$ -	\$ 238,313
Equities	421,512	300,000	121,512
Municipal bonds	83,120	-	83,120
Corporate bonds	<u>524,115</u>	<u>200,000</u>	<u>324,115</u>
	<u>\$ 1,267,060</u>	<u>\$ 500,000</u>	<u>\$ 767,060</u>

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014**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, 2014, including the applicable allowances for uncollectible accounts, are presented below.

	Property Taxes				
	<u>Taxes</u>	<u>Interest &amp; Lien Fees</u>	<u>Total</u>		
Current portion	<u>\$ 524,423</u>	<u>\$ 152,801</u>	<u>\$ 677,224</u>		
Long-term portion	<u>\$ 321,421</u>	<u>\$ 93,653</u>	<u>\$ 415,074</u>		
Less allowance for uncollectibles	<u>(36,000)</u>	<u>(16,000)</u>	<u>(52,000)</u>		
Net long-term portion	<u>\$ 285,421</u>	<u>\$ 77,653</u>	<u>\$ 363,074</u>		
	Sewer Use				
	<u>Use</u>	<u>Interest &amp; Lien Fees</u>	<u>Total</u>	<u>Sewer Assessment</u>	<u>Total</u>
Current portion	<u>\$ 850,013</u>	<u>\$ 3,733</u>	<u>\$ 853,746</u>	<u>\$ 10,471</u>	<u>\$ 864,217</u>
Long-term portion	<u>\$ 222,415</u>	<u>\$ 3,734</u>	<u>\$ 226,149</u>	<u>\$ -</u>	<u>\$ 226,149</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>\$ 201,415</u>	<u>\$ 3,734</u>	<u>\$ 205,149</u>	<u>\$ -</u>	<u>\$ 205,149</u>

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014**C. Capital assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,028,391	\$ -	\$ -	\$ 11,028,391
Construction in progress	9,340,749	8,577,430	1,964,771	15,953,408
Total capital assets, not being depreciated	20,369,140	8,577,430	1,964,771	26,981,799
Capital assets, being depreciated:				
Land and building improvements	11,021,986	-	-	11,021,986
Buildings	66,497,368	-	-	66,497,368
Machinery and equipment	6,256,874	104,501	9,500	6,351,875
Infrastructure	85,666,350	3,262,291	-	88,928,641
Vehicles	2,849,049	490,841	-	3,339,890
Total capital assets being depreciated	172,291,627	3,857,633	9,500	176,139,760
Total capital assets	192,660,767	12,435,063	1,974,271	203,121,559
Less accumulated depreciation for:				
Land and building improvements	3,613,350	280,642	-	3,893,992
Buildings	28,992,844	1,279,622	-	30,272,466
Machinery and equipment	4,404,644	249,668	9,183	4,645,129
Infrastructure	28,969,996	1,633,480	-	30,603,476
Vehicles	2,174,971	229,107	-	2,404,078
Total accumulated depreciation	68,155,805	3,672,519	9,183	71,819,141
Total capital assets, being depreciated, net	104,135,822	185,114	317	104,320,619
Governmental activities capital assets, net	\$ 124,504,962	\$ 8,762,544	\$ 1,965,088	\$ 131,302,418

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014

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

General government	\$ 1,520,413
Public safety	140,236
Highway department	117,830
Sanitation and waste removal	610,310
Health and welfare	8,828
Education	<u>1,274,902</u>
Total depreciation expense	<u>\$ 3,672,519</u>

**D. Interfund accounts****1. Interfund payables and receivables**

A summary of interfund balances as of June 30, 2014 is as follows:

	Corresponding Fund	Due From	Due To
<u>Major funds</u>			
General fund:			
Sewer assessment fund	N/A	\$ -	\$ 1,069
Shellfish fund	N/A	4,277	-
Town aid road fund	N/A	-	377,288
Dog license fund	N/A	-	9,411
Youth service activity fund	N/A	-	9,523
Recreation commission fund	N/A	4,339	-
Sewer usage fund	N/A	173,498	-
Sewer development and maintenance fund	N/A	1,069	-
Prepaid education grants fund	N/A	5,801	13,138
Planning and development grant fund	N/A	-	109,415
Human services grants	N/A	-	32,045
Miscellaneous	N/A	-	153,646
Capital nonrecurring	N/A	-	1,138,804
Internal service fund	N/A	-	445,770
Bonded capital projects	N/A	850,615	5,846,379
Police OPEB trust fund	N/A	-	10,000
Stonington harbor management	N/A	-	19,797
Mystic harbor management	N/A	-	<u>10,312</u>
Total general fund	N/A	<u>1,039,599</u>	<u>8,176,597</u>
Bonded capital projects fund:			
General fund	N/A	5,846,379	850,615
Planning and development grant fund	N/A	-	<u>140</u>
Total bonded capital projects fund	N/A	<u>5,846,379</u>	<u>850,755</u>



## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014

	Corresponding <u>Fund</u>	<u>Due From</u>	<u>Due To</u>
<u>Nonmajor funds</u>			
Special revenue funds:			
Sewer assessment fund	General fund	\$ 1,069	\$ -
Shellfish fund	General fund	-	4,277
Town aid road fund	General fund	377,288	-
Dog license fund	General fund	9,411	-
Youth service activity fund	General fund	9,523	-
Youth service activity fund	Recreation commission fund	3,909	-
Recreation commission fund	General fund	-	4,339
Recreation commission fund	Youth service activity fund	-	3,909
Sewer usage fund	General fund	-	173,498
Sewer development and maintenance fund	General fund	-	1,069
Prepaid education grants fund	General fund	13,138	5,801
Planning and development grant fund	General fund	109,415	-
Planning and development grant fund	Bonded capital projects	140	-
Human services grant	General fund	32,045	-
Miscellaneous	General fund	<u>153,646</u>	<u>-</u>
Total special revenue funds		709,584	192,893
Capital projects funds:			
Capital nonrecurring	General fund	<u>1,138,804</u>	<u>-</u>
Total nonmajor funds		<u>1,848,388</u>	<u>192,893</u>
Internal service fund	General fund	<u>445,770</u>	<u>-</u>
Fiduciary funds:			
Police OPEB trust fund	General fund	10,000	-
Stonington harbor management	General fund	19,797	-
Mystic harbor management	General fund	<u>10,312</u>	<u>-</u>
Total fiduciary funds		<u>40,109</u>	<u>-</u>
Grand total		<u>\$ 9,220,245</u>	<u>\$ 9,220,245</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  
June 30, 2014**2. Interfund transfers**

A summary of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Major funds</u>	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund:			
Sewer usage fund	N/A	\$ -	\$ 300,000
Miscellaneous fund	N/A	-	9,700
Capital nonrecurring	N/A	-	2,144,012
Total general fund		-	2,453,712
<u>Nonmajor funds</u>			
Special revenue funds:			
Sewer usage fund	General fund	300,000	-
Miscellaneous fund	General fund	9,700	-
Total special revenue funds		309,700	-
Capital nonrecurring	General fund	2,144,012	-
Total nonmajor funds		2,453,712	-
Grand total		\$ 2,453,712	\$ 2,453,712

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

**E. Short-term obligations - bond anticipation notes**

The Town uses bond anticipation notes to fund construction costs prior to issuance of bonds.

Short-term obligation activity for the year ended June 30, 2014 was as follows:

<u>Type of Obligation</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>
General purpose	\$ -	\$ 6,585,000	\$ 6,585,000	\$ -

The bond anticipation notes carry an interest rate of 1.0% and matured in August of 2014. The bond anticipation notes were permanently financed in August of 2014 as part of an \$8,240,000 general obligation bond issuance.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014F. Changes in long-term obligations  
1. Summary of changes

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Current Portion
General purpose:									
Improvement bond	\$ 425,000	07/01/07	09/01/26	4.125%-5.5%	\$ 115,000	\$ -	\$ 115,000	\$ -	\$ -
Refunding bond	4,525,000	02/15/09	05/15/20	2.0%-5.0%	2,799,400	-	418,800	2,380,600	415,000
Refunding bond	1,192,000	02/23/12	09/01/24	2.25%-4.0%	1,192,000	-	-	1,192,000	111,000
Improvement bond	4,285,000	08/14/13	08/15/33	2.5%-4.25%	-	4,285,000	-	4,285,000	215,000
Total general purpose					4,106,400	4,285,000	533,800	7,857,600	741,000
School:									
Improvement bond	10,000,000	10/01/04	10/01/24	3.0%-4.25%	600,000	-	600,000	-	-
Improvement bond	10,000,000	10/01/05	10/01/25	3.25%-5.0%	1,000,000	-	500,000	500,000	500,000
Improvement bond	3,275,000	07/01/07	09/01/26	4.125%-5.5%	525,000	-	175,000	350,000	175,000
Refunding bond	3,000,000	02/15/09	05/15/20	2.0%-5.0%	1,730,600	-	301,200	1,429,400	305,000
Refunding bond	15,128,000	02/23/12	09/01/26	2.0%-4.0%	15,128,000	-	295,000	15,833,000	884,000
Total school					18,983,600	-	1,871,200	18,112,400	1,864,000
Sewer:									
Improvement bond	2,100,000	10/01/04	10/01/24	3.0%-4.25%	110,000	-	110,000	-	-
Improvement bond	700,000	07/01/07	09/01/26	4.125%-5.5%	70,000	-	70,000	-	-
Improvement bond	12,000,000	04/05/12	04/01/32	4.125%-5.5%	11,400,000	-	600,000	10,800,000	600,000
Total sewer					11,580,000	-	780,000	10,800,000	600,000
Clean water loans:									
Clean water loan	1,563,519	1998	2017	2%	300,617	-	75,154	225,463	75,154
Clean water loan	1,148,280	06/30/00	2015	2%	305,921	-	74,227	231,694	75,712
Total clean water loans					606,538	-	149,381	457,157	150,866
Total bond and notes					36,276,538	4,285,000	3,334,381	37,227,157	3,355,866
Bond anticipation note					-	6,585,000	-	6,585,000	-
Premiums					2,349,414	26,934	162,271	2,214,077	
Total bonds, notes and related liabilities					38,625,952	10,896,934	3,496,652	46,026,234	3,355,866
Landfill postclosure costs					300,000	-	25,000	275,000	25,000
Compensated absences					1,831,104	861,549	1,356,385	1,336,268	267,254
Heart and hypertension					403,646	119,896	87,192	436,350	
Total general long-term obligations					\$ 41,160,702	\$ 11,878,379	\$ 4,965,229	\$ 48,073,852	\$ 3,648,120

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014Summary of Debt Service Requirements to Maturity

The annual requirements to amortize bonds payable and clean water loans at June 30, 2014 are as follows:

Fiscal Year End June 30,	Bonds			Clean Water		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 3,205,000	\$ 1,252,197	\$ 4,457,197	\$ 150,866	\$ 9,143	\$ 160,009
2016	3,155,000	1,152,604	4,307,604	152,380	6,126	158,506
2017	3,145,000	1,045,194	4,190,194	153,911	3,093	157,004
2018	3,100,000	948,306	4,048,306			
2019	2,930,000	834,606	3,764,606			
2020	2,915,000	714,657	3,629,657			
2021	2,410,000	595,156	3,005,156			
2022	2,305,000	509,007	2,814,007			
2023	2,305,000	424,955	2,729,955			
2024	2,300,000	341,006	2,641,006			
2025	2,055,000	272,772	2,327,772			
2026	1,470,000	226,056	1,696,056			
2027	985,000	189,263	1,174,263			
2028	815,000	159,844	974,844			
2029	815,000	132,013	947,013			
2030	815,000	102,412	917,412			
2031	815,000	72,812	887,812			
2032	810,000	43,180	853,180			
2033	210,000	13,387	223,387			
2034	210,000	4,462	214,462			
TOTALS	<u>\$ 36,770,000</u>	<u>\$ 9,033,889</u>	<u>\$ 45,803,889</u>	<u>\$ 457,157</u>	<u>\$ 18,362</u>	<u>\$ 475,519</u>

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014**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	\$ 126,682,076	\$ 12,212,569	\$ 114,469,507
Schools	253,364,153	18,112,400	235,251,753
Sewers	211,136,794	15,800,000	195,336,794
Urban renewal	182,985,221	-	182,985,221
Pension deficit	168,909,435	-	168,909,435

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$394,122,015.

The indebtedness reflected above includes bonds outstanding.

**3. Prior years' advance refunding**

In the prior years, the Town had 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, 2014, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$11,375,000.

**4. Subsequent events**

In August 2014, the Town issued \$8,240,000 of general obligation bonds at an interest rate of 2.0% - 4.00% maturing in installments through August 2034.

**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 11 years at \$25,000 per year are \$275,000. 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  
June 30, 2014**6. Authorized/unissued bonds**

At June 30, 2014, the amount of authorized, unissued bonds for improvements to the Town's waste water treatment facilities, roads and athletic fields is \$8,240,000.

**G. Restricted net position**

The amount of restricted net position, which was restricted by enabling legislation, totaled \$638,320 at June 30, 2014.

**H. Fund balance classifications**

As of June 30, 2014, fund balances are composed of the following:

Fund Balance Component	General Fund	Bonded Capital Projects	Nonmajor Funds	Total
<u>Restricted:</u>				
Public safety	\$ -	\$ -	\$ 5,822	\$ 5,822
Highway department	-	-	280,488	280,488
Sanitation and waste removal	-	-	215,378	215,378
Human services	-	-	8,933	8,933
Education	-	-	127,699	127,699
Total Restricted	-	-	638,320	638,320
<u>Committed:</u>				
General government	-	-	218,868	218,868
Sanitation and waste removal	-	-	619,536	619,536
Approved CNR Projects	-	4,012,141	2,841,246	6,853,387
Total Committed	-	4,012,141	3,679,650	7,691,791
<u>Assigned:</u>				
Subsequent years' budget	290,500	-	-	290,500
General government	92,100	-	109,555	201,655
Public safety	-	-	11,999	11,999
Highway department	1,000	-	-	1,000
Sanitation and waste removal	8,000	-	962,547	970,547
Human services	542	-	216,695	217,237
Recreation	4,520	-	142,634	147,154
Education	30,912	-	569,857	600,769
Total assigned	427,574	-	2,013,287	2,440,861
Unassigned	12,637,386	-	-	12,637,386
Total	\$ 13,064,960	\$ 4,012,141	\$ 6,331,257	\$ 23,408,358

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014

## 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>
2012-2013	\$ 429,000	\$ 5,544,424	\$5,544,424	\$ 429,000
2013-2014	429,000	6,226,384	6,180,384	475,000

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  
June 30, 2014

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 2013-2014 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. Pension plans**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. Town of Stonington Retirement Plan (PERS)**Plan administration

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. The plan does not issue separate, stand-alone financial reports.



## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014Participant data

At July 1, 2013, PERS membership consisted of:

Retirees and beneficiaries receiving benefits	127
Terminated plan members entitled to but not yet receiving benefits	42
Active plan members	<u>187</u>
Total Plan Participants	<u>356</u>
Number of participating employers	1

Plan provisions

Benefits are 50% vested after five years of service with the Town for the contributory plan and are fully vested after ten years of service. Benefits are 50% vested after ten years of service with the Town for the non-contributory plan and are fully vested after fifteen years. Normal retirement is the earlier of the member having reached his 62<sup>nd</sup> birthday or having completed 35 years of credited service. For the contributory plan, 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 earnings multiplied by such member's years of credited service. For the non-contributory plan, a member who retires on his normal retirement date shall receive an annual retirement benefit equal to 1.50% of such member's final average earnings multiplied by such member's years of credited service. Final average earnings are determined by the member's 60 highest consecutive calendar months before retirement or termination, if earlier. 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.

Contributions requiredContributory plan:

Participants are required to contribute 3% of their annual salary.

Non-contributory plan:

Participants are not required to contribute.

Actuarially determined contributions to the Plan are determined each year as part of the actuarial valuation process. These contributions are determined according to the following contribution policy:

Actuarial cost method:	Entry Age Normal
Amortization method:	20 year period
Asset valuation method:	Fair Market Value of Assets adjusted to phase in asset gains and losses over a five-year period at a rate of 20% per year. The actuarial value is adjusted, if necessary, to be within the range of 80% to 120% of the Market Value of assets.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014Investments

*Investment policy.* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Town of Stonington Retirement Board by a majority vote of its members. It is the policy of the Town of Stonington Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension Board periodically reviews the asset allocation and strategic objectives in light of market conditions, benefit payments, expenses, and expected contributions from the Town of Stonington. The Pension Board adopted an asset allocation policy, which is a blend of Higher Risk, Lower Risk, and Liquid assets. These blends translate into the following allocation, as of June 30, 2014:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short term fixed income	9.00%	0.25%
Core fixed income	22.00%	1.00%
Global fixed income	6.20%	1.50%
Large cap	23.80%	5.25%
Small cap	10.80%	5.55%
International equity	21.50%	5.50%
Emerging market equity	3.50%	6.75%
Commodities	3.20%	2.60%
Total	100.00%	

Long-term inflation expectation	2.50%
Long-term expected nominal return	6.18%

Long-term rate of return

Best estimates of geometric nominal rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the preceding table.

*Rate of return:* For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.07 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Concentrations:* There were no investments in any one organization that represented 5% or more of the pension plan's net position.

Net pension liability

The Town's net pension liability at June 30, 2014 is \$1,772,067. The components of the net pension liability were as follows:

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014

Total pension liability	\$ 31,041,703
Plan fiduciary net position	<u>29,319,636</u>
Net pension liability	<u>\$ 1,772,067</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.45%</u>
Covered payroll	\$ 9,124,324
Net pension liability as a percentage of covered payroll	<u>18.87%</u>

Actuarial assumptions

Actuarial cost method - Entry age normal, as required by GASB Statement No. 67.

Valuation date - July 1, 2013

Mortality - RP2000 Mortality Table, separate male and female rates with no collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA

Discount rate - 7.50% per annum

Inflation - 2.50%

Salary projection - Graded schedule based on age of participant

<u>Age</u>	<u>Rate</u>
20	6.50%
25	6.50
30	5.85
35	5.20
40	4.55
45	3.90
52+	3.00

Retirement Age - Earlier of 62 or 35 years of credited service or valuation date plus 1 year.

Cost of living increase - None

Discount rate

The discount rate used to measure the total pension liability was 7.50%.

Based on the plan's current net pension liability and current contribution policy, the pension plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was used to discount plan liabilities.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.50% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$5,082,235	\$1,722,067	\$(1,135,151)

GASB 27 - Annual pension cost and net pension obligation (asset)

The Town of Stonington's annual pension cost and net pension obligation (asset) to the Pension Plan for the year ended June 30, 2014 was as follows:

Annual required contribution ("ARC")	\$ 1,108,457
Interest on net pension obligation	(52,648)
Adjustment to annual required contribution	<u>64,054</u>
Annual pension cost	1,119,863
Contributions made	<u>1,101,118</u>
Increase (decrease) in net pension obligation (asset)	18,745
Net pension obligation (asset), July 1, 2013	<u>(701,976)</u>
Net pension obligation (asset), June 30, 2014	<u><u>\$ (683,231)</u></u>

GASB 27 - Three year trend information

<u>Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2012	\$ 1,180,477	113.7%	\$ (702,551)
2013	1,131,053	99.9%	(701,976)
2014	1,119,863	98.3%	(683,231)

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014GASB 27 - Funding status and funding progress

The funded status of the plan as of July 1, 2013 (the last valuation available) was as follows:

	(A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C] Over (Under) Funded AAL as a Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	
July 1, 2013	\$24,328,106	\$29,340,351	\$ (5,012,245)	82.9%	\$9,124,324	(54.9)%

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 schedule of funding progress ("RSI-7") and the schedule of employer contributions ("RSI-3") for this plan are required supplementary information and can be found immediately following the notes to the financial statements. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

GASB 27 - Actuarial assumptions

The annual required contribution for the current year was determined as part of the July 1, 2013, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.5% investment rate of return and (b) grade salary scale increases of 3.00% to 6.50% age dependent. The assumptions did not include inflation. The actuarial value of assets is determined using 5 year smoothing. The unfunded actuarial accrued liability is being amortized as a level dollar amount over a 20-year period.

**3. 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  
June 30, 2014**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>	
2012	\$ 531,307
2013	545,986
2014	457,302

**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.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014**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 \$694,000.

**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, 2013 was as follows:

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(A-B) Under Funded AAL	(A/B) Funded AAL Ratio	(C) Covered Payroll	[(A-B)/C] Under Funded AAL as a Percentage of Covered Payroll
July 1, 2013	\$ 679,426	\$5,200,625	\$ 4,521,199	13.1%	\$ 28,398,610	16.0%

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  
June 30, 2014**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, 2013
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	6.8%
Ultimate	4.7%

**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	\$ 731,000
Interest on net OPEB obligation	(7,726)
Adjustment to annual required contribution	<u>6,405</u>
Annual OPEB cost	729,679
Contributions made	<u>694,000</u>
Change in net OPEB asset	35,679
Net OPEB asset - July 1, 2013	<u>(103,011)</u>
Net OPEB asset - June 30, 2014	<u>\$ (67,332)</u>



## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2014**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>
2012	\$ 732,242	146.13%	\$ (132,115)
2013	697,104	95.83%	(103,011)
2014	729,679	95.11%	(67,332)

**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, 2014 were \$69,594 and \$47,594, 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 \$3,919,000.

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## **Required Supplementary Information**

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**Town of Stonington, Connecticut****Town of Stonington's Employees' Pension Plan****Required Supplementary Information****Schedule of Changes in Net Pension Liability****Year Ended June 30, 2014**

	<u>2014</u>
Total pension liability:	
Service cost	\$ 761,325
Interest	2,210,832
Benefit payments, including refunds of member contributions	<u>(1,270,805)</u>
Net change in total pension liability	1,701,352
Total pension liability - July 1	<u>29,340,351</u>
Total pension liability - June 30 (a)	<u>31,041,703</u>
Plan fiduciary net position:	
Contributions - employer	1,147,449
Contributions - member	257,396
Net investment income	3,765,012
Benefit payments, including refunds of member contributions	(1,270,805)
Administration expense	<u>(47,133)</u>
Net change in plan fiduciary net position	3,851,919
Plan fiduciary net position - July 1	<u>25,467,717</u>
Plan fiduciary net position - June 30 (b)	<u>29,319,636</u>
Net pension liability (asset) - June 30 (a)-(b)	<u><u>\$ 1,722,067</u></u>

**Town of Stonington, Connecticut****Town of Stonington Employees' Pension Plan****Required Supplementary Information****Schedule of Net Pension Liability****June 30, 2014**

	<u>2014</u>
Total pension liability	\$ 31,041,703
Plan fiduciary net position	<u>(29,319,636)</u>
Net pension liability	<u>\$ 1,722,067</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.45%</u>
Covered-employee payroll	<u>\$ 9,124,324</u>
Net pension liability as a percentage of covered-employee payroll	<u>18.87%</u>

**Schedule of Investment Returns**

	<u>2014</u>
Annual money weighted rate of return, net investment expense	<u>15.07%</u>

## Town of Stonington, Connecticut

## Town of Stonington Employees' Pension Plan

## Required Supplementary Information

## Schedule of Contributions

Last 10 Fiscal Years

Actuarial Valuation Date July 1,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2013	\$ 1,108,457	\$ 1,101,118	\$ (7,339)	\$ 9,124,324	12.1%
2012	1,119,643	1,130,478	10,835	8,958,441	12.6%
2011	1,171,692	1,342,122	170,430	9,071,534	14.8%
2010	1,163,837	1,471,967	308,130	9,342,487	15.8%
2009	937,874	1,010,472	72,598	8,843,202	11.4%
2008	869,139	944,785	75,646	8,332,324	11.3%
2007	828,833	890,080	61,247	7,899,350	11.3%
2006	657,952	665,953	8,001	7,598,714	8.8%
2005	453,663	464,400	10,737	7,002,000	6.6%
2004	400,504	447,858	47,354	5,915,000	N/A

**Town of Stonington, Connecticut**  
**Town of Stonington Employees' Pension Plan**  
**Notes to Required Supplementary Information**  
**June 30, 2014**

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	Actuarial valuations are performed July 1 of each calendar year to determine the contribution for the following plan year.

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	20 year period
Remaining Amortization period	20 years - open
Asset Valuation Method	Fair market value, adjusted to phase in gains and losses over a five-year period at a rate of 20% per year
Inflation	2.50%
Salary Increases	Graded Schedule based on age ranging from 3.0% to 6.0%
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

## Town of Stonington, Connecticut

## Town of Stonington Other Post -Employment Benefit Plan

Required Supplementary Information  
Schedule of Funding Progress

Actuarial Valuation Date July 1,	(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
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
2013	679,426	5,200,625	(4,521,199)	13.1%	28,398,610	(15.9%)

N/A - Not available

## Schedule of Employer Contributions

Fiscal Year End June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
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%
2014	731,000	694,000	94.9%

**Town of Stonington, Connecticut**

**Town of Stonington Other Post-Employment Benefit Plan**

**Notes to Required Supplementary Information  
June 30, 2014**

Changes of benefit terms	None
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Changes of assumptions	None
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The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected Unit Credit
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Amortization Method	Level percentage
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Remaining Amortization Period	30 years closed
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Investment Rate of Return	7.50%
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Healthcare Inflation Rate	6.80% - 4.70%
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Dental Inflation Rate	3.00%
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**Town of Stonington, Connecticut**  
**Town of Stonington Employees' Pension Plan**  
**Required Supplementary Information**  
**Schedule of Funding Progress**

Actuarial Valuation Date July 1,	(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
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%)
2013	24,328,106	29,340,351	(5,012,245)	82.9%	9,124,324	(54.9%)

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## **Supplemental Schedules**

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## **General Fund**

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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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property taxes:				
Current levy	\$ 50,538,736	\$ 50,538,736	\$ 50,552,531	\$ 13,795
Prior year taxes	400,000	400,000	513,919	113,919
Motor vehicle supplement	185,000	185,000	316,011	131,011
Interest and lien fees	250,000	250,000	286,909	36,909
Telephone access line	67,600	67,600	67,559	(41)
Total property taxes	51,441,336	51,441,336	51,736,929	295,593
Intergovernmental:				
Intergovernmental revenues - State grants for education:				
Education cost sharing grant	2,129,110	2,129,110	2,022,297	(106,813)
Transportation	-	-	26,322	26,322
Magnet school transportation grant	60,000	60,000	68,900	8,900
Nonpublic services	2,813	2,813	3,444	631
Nonpublic health services	9,000	9,000	10,194	1,194
Total intergovernmental revenues - State grants for education	2,200,923	2,200,923	2,131,157	(69,766)
State grants for reimbursement on revenue loss:				
Reimbursement disabled	1,550	1,550	1,752	202
Veterans' exemption	15,500	15,500	19,247	3,747
Tax relief for elderly	123,000	123,000	124,502	1,502
PILOT state owned property	-	-	20,554	20,554
Municipal revenue sharing	-	-	117,677	117,677
Municipal revenue adjustment	81,560	81,560	97,982	16,422
Mashantucket Pequot grant	5,071	5,071	36,076	31,005
Total state grants for reimbursement on revenue loss	226,681	226,681	417,790	191,109
State grants for other purposes:				
Parking ticket surcharge	11,000	11,000	10,270	(730)
Youth services	19,275	19,275	19,373	98
STEAP	-	-	175,000	175,000
Civil preparedness	8,000	8,000	-	(8,000)
Total state grants for other purposes	38,275	38,275	204,643	166,368
Total intergovernmental	2,465,879	2,465,879	2,753,590	287,711
Charges for services:				
Solid waste disposal fees	1,450,000	1,450,000	1,454,601	4,601
SCRRRA transportation	93,500	93,500	91,603	(1,897)
Landfill recycling	60,000	60,000	58,764	(1,236)
Tipping fees	115,000	115,000	128,812	13,812
Building rental/miscellaneous	500	500	2,400	1,900
Medicaid reimbursement	-	-	8	8
Tuition other Town	25,148	25,148	32,949	7,801
Miscellaneous revenue	18,000	18,000	94,065	76,065
Accident reports	1,400	1,400	1,242	(158)
Data processing revenue	23,000	23,000	24,612	1,612
In lieu of taxes housing authority	10,400	10,400	16,882	6,482
Mystic upgrade d/s offset	18,600	18,600	17,595	(1,005)
GIS revenues	1,000	1,000	763	(237)
Utility billing revenue offset	12,000	12,000	12,000	-
Vehicle use outside jobs	32,000	32,000	94,118	62,118
Admin / miscellaneous fees	10,000	10,000	13,905	3,905
Total charges for services	1,870,548	1,870,548	2,044,319	173,771

(Continued)

Town of Stonington, Connecticut

General Fund  
Schedule of Revenues and Other Financing Sources -  
Budget and Actual  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Licenses and permits:				
Building permits	\$ 150,000	\$ 150,000	\$ 235,360	\$ 85,360
Business license	15,000	15,000	15,463	463
Conveyance taxes	185,000	185,000	332,893	147,893
Town clerk's fees	160,000	160,000	171,147	11,147
Miscellaneous permit	2,900	2,900	3,875	975
Alarm registration	6,500	6,500	6,121	(379)
Wetlands permits	2,500	2,500	2,389	(111)
P & Z and zoning board fees	60,000	60,000	81,044	21,044
Total licenses and permits	581,900	581,900	848,292	266,392
Fines and forfeits:				
Parking fines	4,000	4,000	5,275	1,275
Alarm penalties	2,700	2,700	4,535	1,835
Total fines and forfeits	6,700	6,700	9,810	3,110
Grand total charges for services	2,459,148	2,459,148	2,902,421	443,273
Revenues - use of Town money and property:				
Interest income	80,000	80,000	129,255	49,255
Rental	52,800	52,800	53,311	511
Loan repayment SNEFLA	12,500	12,500	12,500	-
Total revenues - use of Town money and property	145,300	145,300	195,066	49,766
Total revenues	56,511,663	56,511,663	57,588,006	1,076,343
Other financing sources:				
Appropriation of fund balance	1,373,000	2,573,000	-	(2,573,000)
Cancellation of prior year encumbrances	8,000	8,000	36,884	28,884
Transfers in - sewer assessment fund	45,000	45,000	-	(45,000)
Total other financing sources	1,426,000	2,626,000	36,884	(2,589,116)
Grand total - revenues and other financing sources	\$ 57,937,663	\$ 59,137,663	\$ 57,624,890	\$ (1,512,773)

(Concluded)

Town of Stonington, Connecticut  
  
General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Department of First Selectman:				
Office of Selectman:				
First selectman	\$ 92,650	\$ 94,873	\$ 94,791	\$ 82
Second selectman	6,023	6,168	6,162	6
Third selectman	6,023	6,168	6,162	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	30,000	-
Legal services and courts	80,000	80,000	72,530	7,470
Tree trimming and lighting	5,000	5,000	3,669	1,331
Town wide	20,000	20,000	18,221	1,779
Economic development commission	6,000	6,000	6,000	-
Total Office of Selectman	304,196	306,709	296,035	10,674
Programs and agencies:				
S.E.A.T.	5,102	5,102	4,906	196
Secter	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	3,500	3,500	3,500	-
Affordable housing committee	500	500	-	500
Probate court	6,301	6,301	6,301	-
Total programs and agencies	54,821	54,821	54,014	807
Waterfront commission:				
Clerical services	900	900	879	21
Postage	75	75	75	-
Consumable supplies	25	25	25	-
Miscellaneous	75	75	75	-
Total waterfront commission	1,075	1,075	1,054	21
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, 2014

	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	4,180	(1,680)
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	4,180	470
Emergency management:				
Emergency management tactical operation director	11,687	11,968	11,968	-
Clerical salaries	1,693	1,733	1,733	-
Consumable supplies	250	250	-	250
Equipment	500	500	745	(245)
Development of emergency plan	1	1	-	1
Miscellaneous	100	100	407	(307)
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	5,010	3,990
Total emergency management	24,383	24,704	19,863	4,841
Elections:				
Referenda/election personnel	60,000	60,000	22,769	37,231
Registrars' salaries	32,159	32,931	32,713	218
Postage	5,000	5,000	2,293	2,707
Advertising	4,000	4,000	4,170	(170)
Consumable supplies	2,000	2,000	463	1,537
Telephone	4,000	4,000	3,877	123
Equipment	2,000	2,000	1,934	66
Reproduction and printing	500	500	68	432
Professional associations and publications	600	600	375	225
Voting canvas	500	500	1,065	(565)
Miscellaneous	1,000	1,000	22	978
Ballot printing / programming	15,000	15,000	4,057	10,943
Furniture & equipment	1,150	1,150	-	1,150
Voting machine	2,200	2,200	-	2,200
Total elections	130,109	130,881	73,806	57,075
Town clerk:				
Salary of Town clerk	65,690	67,267	67,208	59
Clerical salaries	88,561	93,743	93,743	-
Longevity	3,120	3,120	3,120	-
Postage	2,000	2,000	2,000	-
Advertising	6,000	6,000	5,438	562
Consumable supplies	3,000	3,000	2,570	430
Telephone	375	375	409	(34)
Equipment	4,500	4,500	2,926	1,574
Professional associations and publications	150	150	130	20
Training and education	1,000	1,000	761	239
Land records and data processing	42,000	38,929	18,902	20,027
Vital statistics	450	450	234	216
Total Town clerk	216,846	220,534	197,441	23,093

(Continued)

Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Town meeting and referenda:				
Town meeting personnel	\$ 200	\$ 200	\$ -	\$ 200
Advertising	3,000	3,000	3,145	(145)
Total Town meeting and referenda	3,200	3,200	3,145	55
Payment/other civil divisions:				
Borough of Stonington	221,747	221,747	221,747	-
Total Department of First Selectman	963,972	971,266	871,285	99,981
Department of administrative services:				
Administration:				
Director of administrative services	83,038	85,031	84,957	74
Administrative support staff	156,540	160,290	160,354	(64)
Longevity	3,320	3,320	3,320	-
Postage	1,000	1,000	738	262
Advertising	14,000	14,000	6,277	7,723
Consumable supplies	1,400	1,400	2,999	(1,599)
Reproduction and printing	700	700	630	70
Telephone	250	250	182	68
Equipment	5,400	5,400	2,376	3,024
Professional associations and publications	4,000	4,000	2,056	1,944
Seminars and programs	750	750	-	750
Database expenses	6,900	6,900	6,706	194
Miscellaneous	700	700	601	99
Furniture and equipment	1,500	1,500	1,968	(468)
Training and education	2,250	2,250	640	1,610
Technical and professional services - admin services	7,500	7,500	450	7,050
Memorial observances	7,500	7,500	7,250	250
Columbus day observances	5,000	5,000	5,000	-
Total administration	301,748	307,491	286,504	20,987
Information systems:				
IT manager	78,349	80,332	79,984	348
Technology support specialist	53,020	54,293	54,376	(83)
Longevity	250	250	250	-
Postage	300	300	27	273
Consumable supplies	1,500	1,500	1,496	4
Reproduction and printing	50	50	-	50
Telephone	1,500	1,500	1,306	194
Professional associations and publications	250	250	185	65
Equipment and licensing	30,040	30,040	30,270	(230)
Internet hosting expense	4,500	4,500	4,390	110
Miscellaneous	50	50	50	-
Training and education	3,000	3,000	3,000	-
GIS	31,500	31,500	30,145	1,355
Telecommunications	53,150	64,216	64,216	-
Technical assistance	5,000	5,000	5,000	-
Total information systems	262,459	276,781	274,695	2,086

(Continued)



Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Human resources:				
Employee training/education	\$ 9,500	\$ 9,500	\$ 5,123	\$ 4,377
Labor negotiations	375,000	288,163	266,375	21,788
Pension plan	597,000	605,429	601,609	3,820
Social security	441,900	447,141	415,730	31,411
Unemployment	40,000	40,000	27,032	12,968
Heart and hypertension	35,610	35,610	36,476	(866)
Employee assistance program	2,750	2,750	1,725	1,025
Employee screening	700	700	1,463	(763)
Additional manpower	5,000	5,000	2,957	2,043
Employee travel expense	23,000	23,000	17,604	5,396
Accrued leave payout	10,300	10,300	10,272	28
Retiree health care	68,000	68,000	67,687	313
Health insurance	1,574,765	1,574,765	1,574,765	-
Life insurance	18,500	18,500	18,293	207
Total human resources	3,202,025	3,128,858	3,047,111	81,747
Health officer, sanitation and EMS:				
Health officer salaries	24,030	24,607	24,585	22
Sanitarian salaries	69,473	71,140	71,076	64
Longevity	400	400	400	-
Expenses	1,575	1,575	918	657
Clothing allowance	400	400	400	-
Furniture and equipment	500	500	-	500
Training and education	500	500	215	285
Stonington ambulance	30,000	30,000	30,000	-
Mystic river ambulance	30,000	30,000	30,000	-
Westerly ambulance	30,000	30,000	30,000	-
Total health officer, sanitation and EMS	186,878	189,122	187,594	1,528
Community development:				
Clerical salaries	27,835	28,501	25,428	3,073
Total department of administrative services	3,980,945	3,930,753	3,821,332	109,421
Finance department:				
Finance office:				
Director of finance	102,801	105,268	105,177	91
Senior accountant	77,863	79,732	79,659	73
Clerical salaries	139,256	142,550	141,324	1,226
Longevity	4,780	4,780	4,780	-
Postage	2,700	2,700	2,542	158
Consumable supplies	3,000	3,000	2,836	164
Reproduction and printing	700	700	700	-
Telephone	150	150	106	44
Professional associations and publication	2,000	2,000	2,050	(50)
Payroll services	31,500	31,500	23,550	7,950
Equipment and software support	18,500	18,269	17,205	1,064
Training and education	350	350	365	(15)
Finance - technical and professional services	3,300	3,300	2,269	1,031
Total finance office	386,900	394,299	382,563	11,736

(Continued)

Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Assessor's office:				
Salary of assessor	\$ 81,962	\$ 83,928	\$ 83,853	\$ 75
Assistant assessor	61,148	62,616	62,559	57
Clerical salaries	88,561	88,561	78,620	9,941
Longevity	5,490	5,490	5,490	-
Postage	2,300	2,300	2,300	-
Consumable supplies	2,500	2,500	1,417	1,083
Reproduction and printing	1,700	1,700	2,282	(582)
Telephone	250	250	80	170
Equipment	450	450	450	-
Professional associations and publications	2,200	2,200	2,164	36
Database expenses	14,560	14,560	14,375	185
Miscellaneous	1,401	1,401	1,517	(116)
Clothing allowance	400	400	400	-
Furniture & equipment	1	1	-	1
Training and education	2,570	2,570	1,800	770
Special audit personal property	3,200	3,200	3,200	-
Total assessor's office	268,693	272,127	260,507	11,620
Board of Assessment Appeals:				
Expenses	3,200	3,200	2,477	723
Office of the treasurer:				
Salary of treasurer	3,747	3,837	3,832	5
Expenses	100	100	-	100
Total office of the treasurer	3,847	3,937	3,832	105
Office of the tax collector:				
Salary of tax collector	65,690	67,267	67,208	59
Clerical salaries	89,561	90,525	90,525	-
Longevity	800	800	800	-
Postage	13,500	13,625	14,286	(661)
Advertising	1,500	1,500	1,479	21
Consumable supplies	1,200	1,200	969	231
Reproduction and printing	6,600	6,600	6,962	(362)
Telephone	200	200	72	128
Equipment	750	750	442	308
Professional associations and publications	150	150	95	55
Miscellaneous	100	100	35	65
Equipment and software support	6,350	7,565	7,562	3
Training and education	500	500	286	214
DMV delinquent reporting	4,650	4,688	4,687	1
Total office of the tax collector	191,551	195,470	195,408	62
Board of Finance:				
Clerical salaries	2,000	2,000	1,600	400
Advertising	1,500	1,500	913	587
Professional services	2,000	2,000	2,925	(925)
Accounting and auditing	55,000	55,000	53,500	1,500
Special audit	5,000	5,000	-	5,000
GASB 45	90,000	90,000	90,000	-
Total Board of Finance	155,500	155,500	148,938	6,562
Risk management:				
Risk management stipend	2,058	2,107	2,107	-
Property and liability insurance	565,000	565,000	556,726	8,274
Claims and damages	10,000	10,000	5,837	4,163
Dog damages	1	1	-	1
Safety program	2,500	2,500	405	2,095
Total risk management	579,559	579,608	565,075	14,533
Total finance department	1,589,250	1,604,141	1,558,800	45,341

(Continued)

## Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Debt service:				
Debt service interest:				
Series 1998 clean water (mys)	\$ 6,013	\$ 6,013	\$ 6,012	\$ 1
Series 2000 clean water (mys)	6,119	6,119	6,118	1
Series 2004 G.O. bonds (high sch)	12,425	12,425	12,425	-
Series 2005 G.O. bonds (hi sch ren)	26,750	26,875	26,875	-
Series 2007 G.O. bonds	22,088	22,088	22,088	-
Series 2009 refunding	162,825	162,825	162,825	-
Series 2012 refunding	592,056	592,056	592,056	-
Series 2012 G.O. bonds	400,500	468,895	468,894	1
Total debt service interest	1,228,776	1,297,296	1,297,293	3
Debt service principal:				
Series 1998 clean water (mys)	75,155	75,155	75,154	1
Series 2000 clean water (mys)	74,228	74,228	74,227	1
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	720,000	720,000	720,000	-
Series 2012 refunding	295,000	295,000	295,000	-
Series 2012 G/O bond	600,000	600,000	600,000	-
Bonding costs	6,000	-	-	-
Total debt service principal	3,340,383	3,334,383	3,334,381	2
Total debt service	4,569,159	4,631,679	4,631,674	5
Department of planning:				
Planning office:				
Director of planning	40,000	40,000	-	40,000
Planner	72,997	74,748	74,681	67
Zoning enforcement officer	32,098	32,098	15,367	16,731
Inland wetland enforcement officer	26,025	26,650	26,618	32
Clerical salaries	88,561	90,672	91,839	(1,167)
Clerical meeting	5,500	5,500	3,800	1,700
Longevity	2,350	2,350	2,350	-
Consumable supplies	2,500	2,500	1,378	1,122
Reproduction and printing	5,000	5,000	3,116	1,884
Telephone	500	500	58	442
Equipment	3,000	3,000	3,203	(203)
Professional associations and publications	1,200	1,200	641	559
Clothing allowance	200	200	200	-
Furniture and equipment	1,000	1,000	1,000	-
Training and education	2,500	2,500	325	2,175
Prof services	5,000	5,000	4,280	720
Total planning office	288,431	292,918	228,856	64,062
Planning and zoning commission:				
Postage	7,500	7,500	5,000	2,500
Advertising and court steno	20,000	20,000	16,179	3,821
Total planning and zoning commission	27,500	27,500	21,179	6,321
Zoning board of appeals:				
Postage	1,450	1,450	1,000	450
Advertising	11,000	11,000	10,881	119
Total zoning board of appeals	12,450	12,450	11,881	569

(Continued)

## Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Conservation commission:				
Professional associations and publication	\$ 600	\$ 600	\$ 600	\$ -
Barn island field trips	3,500	3,500	3,376	124
Total conservation commission	4,100	4,100	3,976	124
Inland wetlands commission:				
Postage	900	900	700	200
Advertising	5,000	5,000	2,632	2,368
Total inland wetlands commission	5,900	5,900	3,332	2,568
Total department of planning	338,381	342,868	269,224	73,644
Department of public works:				
Highway department:				
Public works director	97,344	73,594	73,547	47
Labor salaries	1,039,417	1,021,667	1,021,661	6
Highway supervisor	75,150	76,953	77,122	(169)
Clerical salaries	22,140	23,214	22,672	542
Longevity	18,850	18,850	18,850	-
Postage	750	750	604	146
Consumable supplies	2,325	2,325	2,422	(97)
Telephone	500	500	431	69
Hardware	13,000	13,000	11,250	1,750
Miscellaneous	1,350	1,350	1,187	163
Clothing allowance	9,600	9,600	9,756	(156)
Training and education	3,500	3,500	4,865	(1,365)
Safety and protective	14,000	14,000	13,397	603
Land damage	1,600	1,600	514	1,086
Sidewalk repairs	60,000	60,000	60,546	(546)
Street signs	8,500	8,500	5,587	2,913
Tree trimming	14,000	14,000	12,850	1,150
Tree removal	15,000	15,000	21,103	(6,103)
Highway equipment	12,250	2,350	2,331	19
Road maintenance	10,000	10,000	8,607	1,393
Material disposal	20,000	11,300	11,209	91
Cemetery upkeep	1,000	1,000	500	500
Catch basin cleaning	19,000	19,000	19,000	-
Garage diagnostic equipment and tools	3,000	3,000	2,297	703
Leaf program	2,500	2,500	-	2,500
Unleaded gasoline	7,670	16,970	16,898	72
Diesel fuel	70,700	73,375	75,932	(2,557)
Oil and lubrication	5,500	5,500	4,212	1,288
Repairs and maintenance (gas system)	2,000	2,000	799	1,201
Repairs and maintenance	110,000	111,480	111,479	1
Miscellaneous materials	1,250	1,250	1,157	93
Bituminous concrete	30,000	30,000	36,418	(6,418)
Drainage materials	12,000	12,000	12,025	(25)
Sand and gravel	25,600	25,600	24,337	1,263
Lumber	7,500	7,500	6,923	577
Pavement treatments	195,000	167,200	162,608	4,592
Annual fertilization program	50,000	36,000	35,707	293
Seasonal help	56,960	34,015	29,155	4,860
Materials, equipment, maintenance	11,000	11,000	29,541	(18,541)
Field work	20,000	20,000	6,023	13,977
Snow removal labor	120,000	176,057	176,057	-
Materials	131,000	184,990	184,988	2
Meal allowance	4,900	6,243	6,243	-
Total highway department	2,325,856	2,328,733	2,322,810	5,923

(Continued)

## Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Sanitation and waste removal:				
Salary of recycling/solid waste manager	\$ 77,044	\$ 78,894	\$ 78,822	\$ 72
General labor	338,600	347,000	331,890	15,110
Clerical salaries	44,281	45,336	45,634	(298)
Longevity	5,800	5,800	5,800	-
Postage	2,800	2,800	2,800	-
Advertising	800	800	-	800
Consumable supplies	1,000	1,000	695	305
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	5,420	80
Diesel fuel	11,000	11,100	11,091	9
Road maintenance	2,000	2,000	1,571	429
Utilities	6,500	6,500	5,566	934
General operations	51,000	50,900	40,662	10,238
Parts and labor	25,000	32,000	23,988	8,012
Grading and seeding	500	500	53	447
Water testing and monitoring	28,000	28,000	22,430	5,570
Cap maintenance	5,000	5,000	2,870	2,130
Disposal fees (SCRRA)	748,000	678,480	667,950	10,530
Residential collection (SCRRA)	470,000	470,000	469,965	35
Commission coll and rentals (SCRRA)	550,000	538,934	492,069	46,865
SCRRA consulting	1	1	-	1
SCRRA contribution	1	1	-	1
Diesel fuel (SCRRA)	22,000	22,000	16,476	5,524
Repairs and maintenance (SCRRA)	7,500	7,500	4,347	3,153
SCRRA receptacle costs	105,000	105,000	104,197	803
Furniture and equipment	1	1	-	1
Total sanitation and waste removal	2,511,629	2,449,348	2,337,471	111,877
Engineering services:				
Town engineer	82,274	68,198	68,199	(1)
Flood plain manager	1,000	1,000	731	269
Longevity	300	300	300	-
Phase II storm water	1,000	200	187	13
Community rating system	3,500	3,500	3,315	185
Expenses	2,500	2,300	1,697	603
Clothing allowance	400	400	400	-
Prof service engineering review	9,000	26,050	26,044	6
Total engineering services	99,974	101,948	100,873	1,075
Operation and maintenance Town building/property:				
Janitorial/maintenance salary	53,084	54,291	53,695	596
Longevity	350	350	350	-
Miscellaneous	2,000	2,000	-	2,000
Heating oil	62,470	62,470	57,751	4,719
Electricity	143,950	143,950	121,137	22,813
Water	6,001	6,001	5,430	571
Sewer use	2,370	2,370	1,764	606
General maintenance	145,750	145,750	121,623	24,127
Street lighting	242,000	242,000	223,878	18,122
Total operation and maintenance Town building/property	657,975	659,182	585,628	73,554

(Continued)

## Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Building official:				
Building official	\$ 78,314	\$ 83,118	\$ 83,119	\$ (1)
Clerical salaries	44,281	45,781	45,778	3
Longevity	2,160	2,160	2,160	-
Postage	500	500	500	-
Consumable supplies	700	227	226	1
Reproduction and printing	1,000	661	661	-
Telephone	300	300	90	210
Equipment	4,000	2,712	2,711	1
Professional associations and publications	2,000	595	595	-
Clothing allowance	400	400	400	-
Training and education	500	305	39	266
Furniture and equipment	1	1	-	1
Technical assistance	1,000	1,330	1,330	-
Total building official	135,156	138,090	137,609	481
Water Pollution Control Authority:				
Clerical salaries	66,921	68,504	68,007	497
Longevity	2,580	2,580	2,580	-
Postage	5,500	5,500	4,434	1,066
Advertising	1	1	960	(959)
Consumable supplies	2,500	2,500	2,263	237
Reproduction and printing	2,500	2,500	1,106	1,394
Telephone	100	100	47	53
Equipment	5,000	5,000	4,762	238
Total Water Pollution Control Authority	85,102	86,685	84,159	2,526
Total department of public works	5,815,692	5,763,986	5,568,550	195,436
Public safety:				
Police services:				
Salary of chief	102,337	104,745	104,657	88
Salary of captain	95,854	98,106	98,024	82
Salary of lieutenants	165,745	165,745	166,452	(707)
Salary of sergeant	451,181	451,181	449,739	1,442
Salary of regular officers	1,729,671	1,729,671	1,608,787	120,884
Janitorial/maintenance salary	70,682	72,325	72,713	(388)
Boating safety personnel	12,000	12,000	7,825	4,175
Training personnel services	76,500	76,500	77,791	(1,291)
Communications specialist	360,215	360,215	325,112	35,103
Communications specialist - overtime	19,600	19,600	19,455	145
Communications specialist - uniforms	3,600	3,600	3,150	450
Community service officers	26,000	26,000	22,831	3,169
Special officers	20,000	20,000	17,814	2,186
Police commission clerical	2,000	2,000	1,500	500
School crossing guards	44,000	44,000	36,021	7,979
Animal control salaries	53,004	53,004	20,425	32,579
School safety personnel	1	1	7,176	(7,175)
Clerical salaries	118,875	120,768	121,521	(753)
Regular overtime	143,500	143,500	155,640	(12,140)
Longevity	38,350	38,350	35,170	3,180
Paid holidays	141,820	141,820	121,579	20,241
Postage	1,700	1,700	1,556	144
Advertising	1,500	1,500	1,491	9
Consumable supplies	15,000	14,970	13,843	1,127
Reproduction and printing	5,000	5,000	4,416	584
Equipment	12,000	12,000	11,447	553
Professional associations and publications	1,500	1,500	1,078	422
Miscellaneous	7,000	7,000	7,820	(820)
Canine program	4,500	4,500	3,259	1,241
Furniture and equipment	3,000	3,000	2,688	312
Telecommunications	90,000	90,000	88,712	1,288
Retirement fund	585,000	585,000	457,302	127,698
Physicals	7,000	7,000	6,054	946
Educational incentive	3,000	3,000	-	3,000
Regular officers - uniforms	24,000	24,000	23,960	40
Special officers - uniforms	1,000	1,000	655	345

(Continued)

Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Outfitting new officers	\$ 5,000	\$ 5,000	\$ 4,718	\$ 282
Service officer's equipment	1,500	1,500	1,514	(14)
Boating safety expenses	9,000	9,000	6,754	2,246
Building maintenance	24,000	24,000	22,544	1,456
Maintenance/operations/radios	6,500	6,500	8,044	(1,544)
Traffic signs and signals	44,000	44,000	40,616	3,384
Law enforcement council	12,130	12,130	12,130	-
Drug program	5,500	5,500	5,500	-
Postage	180	180	180	-
Advertising	1,000	1,000	421	579
Consumable supplies	300	300	229	71
Miscellaneous	750	750	813	(63)
Consumable supplies	5,500	5,500	5,254	246
Miscellaneous	1,000	1,000	105	895
Training	18,000	18,030	19,170	(1,140)
Telephone	600	600	502	98
Clothing allowance	1,000	1,000	916	84
Professional services	3,500	3,500	1,668	1,832
Building maintenance	2,500	2,500	2,207	293
Equipment (emergency vehicles)	6,000	6,000	4,858	1,142
Unleaded gasoline	101,500	101,500	102,327	(827)
Oil and lubrication	3,000	3,000	1,224	1,776
Parts and labor	39,000	39,000	29,341	9,659
Tires	6,500	6,500	6,411	89
Total public safety	4,734,095	4,742,291	4,375,109	367,182
Department of human services:				
Office of human services:				
Social services administrator	61,551	63,029	62,972	57
Youth and family services administrator	68,250	68,250	68,465	(215)
Human services program coordinator	39,621	39,621	39,253	368
Youth services program coordinator	16,891	16,891	16,888	3
Counseling services	36,000	36,000	30,894	5,106
Clerical salaries	65,029	66,758	65,625	1,133
Longevity	2,380	2,380	2,380	-
Postage	1,500	1,500	1,500	-
Consumable supplies	2,500	2,500	2,500	-
Telephone	3,500	3,500	3,231	269
Equipment	2,700	2,700	2,955	(255)
Reproduction and printing	3,750	3,750	3,750	-
Professional associations and publications	1,500	1,500	1,500	-
Youth and family services program	7,800	7,800	7,800	-
General assistance	30,000	30,000	29,040	960
Miscellaneous	500	500	500	-
Furniture and equipment	1,700	1,700	1,700	-
Training and education	1,000	1,000	1,000	-
Total office of human services	346,172	349,379	341,953	7,426
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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Recreation:				
Salary of director	\$ 54,314	\$ 55,617	\$ 55,567	\$ 50
Other salaries	-	-	773	(773)
Longevity	250	250	-	250
Officials and instructors	21,659	21,659	20,983	676
Consumable supplies	2,550	2,550	2,550	-
Telephone	600	600	426	174
Program expense	3,450	3,450	3,989	(539)
Equipment and trophies	1,600	1,600	1,600	-
Parts and labor	7,750	7,750	7,331	419
Utilities	2,250	2,250	2,669	(419)
Professional association / training	900	900	535	365
Total recreation	95,323	96,626	96,423	203
Housing Authority:				
Clerical salaries	700	700	150	550
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	140,000	140,000	140,000	-
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	750	750
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	227,029	227,029	226,279	750
Total department of human services	958,834	963,344	954,415	8,929
Board of Education:				
Education expenditures	33,733,623	33,733,623	33,709,980	23,643
Total expenditures	56,683,951	56,683,951	55,760,369	923,582

(Continued)



Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Other financing uses:				
Transfers out:				
Capital nonrecurring	\$ 944,012	\$ 2,144,012	\$ 2,144,012	\$ -
Sewer usage fund	300,000	300,000	300,000	-
Miscellaneous fund	9,700	9,700	9,700	-
Total other financing uses	1,253,712	2,453,712	2,453,712	-
Grant total - expenditures and other financing uses	\$ 57,937,663	\$ 59,137,663	\$ 58,214,081	\$ 923,582

(Concluded)

## Town of Stonington, Connecticut

Report of Tax Collector  
Year Ended June 30, 2014

Grand List Year	Uncollected Taxes July 1, 2013	Current Levy	Lawful Corrections		Transfers to Suspense and Other Adjustments	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2014
			Additions	Deductions			Taxes	Interest and Liens	Total	
Suspense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	279	-	-	279	-	-	-	-	-	-
1998	508	-	-	-	359	867	495	1,285	1,780	372
1999	2,524	-	65	266	347	2,670	232	575	807	2,438
2000	2,605	-	-	234	213	2,584	156	350	506	2,428
2001	2,729	-	-	-	(175)	2,554	20	41	61	2,534
2002	1,925	-	-	-	(45)	1,880	77	157	234	1,803
2003	2,044	-	-	-	167	2,211	295	512	807	1,916
2004	2,249	-	-	-	634	2,883	770	1,122	1,892	2,113
2005	3,465	-	-	-	(41)	3,424	222	322	544	3,202
2006	4,452	-	-	128	545	4,869	825	1,157	1,982	4,044
2007	11,743	-	-	161	(540)	11,042	1,337	1,172	2,509	9,705
2008	10,663	-	2,277	3,771	(647)	8,522	(275)	2,396	2,121	8,797
2009	93,957	-	6,786	3,884	(9)	96,850	8,633	4,398	13,031	88,217
2010	139,110	-	6,960	4,388	(2,674)	139,008	40,888	12,331	53,219	98,120
2011	573,419	-	7,790	7,371	(11,653)	562,185	460,247	90,214	550,461	101,938
Total Prior Years	851,672	-	23,878	20,482	(13,519)	841,549	513,922	116,032	629,954	327,627
2012	-	51,725,403	60,561	266,216	(14,604)	51,505,144	50,986,927	170,877	51,157,804	518,217
Totals	<u>\$ 851,672</u>	<u>\$ 51,725,403</u>	<u>\$ 84,439</u>	<u>\$ 286,698</u>	<u>\$ (28,123)</u>	<u>\$ 52,346,693</u>	<u>\$ 51,500,849</u>	<u>\$ 286,909</u>	<u>\$ 51,787,758</u>	<u>\$ 845,844</u>

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## **Nonmajor Governmental Funds**

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### **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, 2014

	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	\$ 209,850	\$ 61,493	\$ -	\$ 13,731	\$ 78,191	\$ 207,289
Investments	4,459	-	-	-	83,461	-
Receivables, net:						
Assessments/use charges	10,471	-	-	-	-	-
Due from other funds	1,069	-	377,288	9,411	-	13,432
Total assets	<u>\$ 225,849</u>	<u>\$ 61,493</u>	<u>\$ 377,288</u>	<u>\$ 23,142</u>	<u>\$ 161,652</u>	<u>\$ 220,721</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ 96,800	\$ 12,487	\$ -	\$ 4,026
Due to other funds	-	4,277	-	-	-	-
Total liabilities	-	4,277	96,800	12,487	-	4,026
<u>Deferred Inflows of Resources</u>						
Unavailable revenue-sewer charges and assessments	10,471	-	-	-	-	-
<u>Fund Balances</u>						
Restricted	215,378	-	280,488	-	-	-
Committed	-	57,216	-	-	161,652	-
Assigned	-	-	-	10,655	-	216,695
Total fund balances	<u>215,378</u>	<u>57,216</u>	<u>280,488</u>	<u>10,655</u>	<u>161,652</u>	<u>216,695</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 225,849</u>	<u>\$ 61,493</u>	<u>\$ 377,288</u>	<u>\$ 23,142</u>	<u>\$ 161,652</u>	<u>\$ 220,721</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	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
<u>Assets</u>						
Cash	\$ 2,306	\$ 160,288	\$ 359,398	\$ 31,012	\$ 284,351	\$ -
Investments	-	-	553,111	-	305,429	4,811
Receivables, net:						
Loans	224,200	-	-	-	-	-
Assessments/use charges	-	-	1,058,895	-	-	-
Other	-	215	4,183	-	-	-
Total assets	<u>\$ 226,506</u>	<u>\$ 160,503</u>	<u>\$ 1,975,587</u>	<u>\$ 31,012</u>	<u>\$ 589,780</u>	<u>\$ 4,811</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ 9,621	\$ 53,695	\$ -	\$ 187	\$ -
Due to other funds	-	8,248	173,498	-	1,069	-
Total liabilities	-	17,869	227,193	-	1,256	-
<u>Deferred Inflows of Resources</u>						
Unavailable revenue-sewer charges and assessments	-	-	785,847	-	-	-
Unavailable revenue-loans receivable	224,200	-	-	-	-	-
Total deferred inflows of resources	224,200	-	785,847	-	-	-
<u>Fund Balances</u>						
Restricted	2,306	-	-	-	-	4,811
Committed	-	-	-	31,012	588,524	-
Assigned	-	142,634	962,547	-	-	-
Total fund balances	2,306	142,634	962,547	31,012	588,524	4,811
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 226,506</u>	<u>\$ 160,503</u>	<u>\$ 1,975,587</u>	<u>\$ 31,012</u>	<u>\$ 589,780</u>	<u>\$ 4,811</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	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	\$ -	\$ 62,002	\$ -	\$ 83,575	\$ -	\$ -
Investments	1,011	-	1,344	-	-	-
Receivables, net:						
Intergovernmental	-	-	-	57,017	-	-
Due from other funds	-	13,138	-	-	109,555	32,045
Total assets	<u>\$ 1,011</u>	<u>\$ 75,140</u>	<u>\$ 1,344</u>	<u>\$ 140,592</u>	<u>\$ 109,555</u>	<u>\$ 32,045</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ 2,561	\$ -	\$ 12,893	\$ -	\$ 66
Due to other funds	-	5,801	-	-	-	-
Unearned revenue	-	66,778	-	-	-	25,352
Total liabilities	<u>-</u>	<u>75,140</u>	<u>-</u>	<u>12,893</u>	<u>-</u>	<u>25,418</u>
<u>Fund Balances</u>						
Restricted	1,011	-	-	127,699	-	6,627
Assigned	-	-	1,344	-	109,555	-
Total fund balances	<u>1,011</u>	<u>-</u>	<u>1,344</u>	<u>127,699</u>	<u>109,555</u>	<u>6,627</u>
Total liabilities and fund balances	<u>\$ 1,011</u>	<u>\$ 75,140</u>	<u>\$ 1,344</u>	<u>\$ 140,592</u>	<u>\$ 109,555</u>	<u>\$ 32,045</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	Special Revenue Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	Miscellaneous	Total	Capital Nonrecurring	
<u>Assets</u>				
Cash	\$ 10,257	\$ 1,563,743	\$ 56	\$ 1,563,799
Investments	412,551	1,366,177	1,712,856	3,079,033
Receivables, net:				
Loans	-	224,200	-	224,200
Assessments/use charges	-	1,069,366	-	1,069,366
Intergovernmental	12,978	69,995	-	69,995
Other	-	4,398	-	4,398
Due from other funds	153,646	709,584	1,138,804	1,848,388
Total assets	<u>\$ 589,432</u>	<u>\$ 5,007,463</u>	<u>\$ 2,851,716</u>	<u>\$ 7,859,179</u>
<u>Liabilities</u>				
Accounts payable	\$ 6,456	\$ 198,792	\$ 10,470	\$ 209,262
Due to other funds	-	192,893	-	192,893
Unearned revenue	13,119	105,249	-	105,249
Total liabilities	<u>19,575</u>	<u>496,934</u>	<u>10,470</u>	<u>507,404</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue-sewer charges and assessments	-	796,318	-	796,318
Unavailable revenue-loans receivable	-	224,200	-	224,200
Total deferred inflows of resources	<u>-</u>	<u>1,020,518</u>	<u>-</u>	<u>1,020,518</u>
<u>Fund Balances</u>				
Restricted	-	638,320	-	638,320
Committed	-	838,404	2,841,246	3,679,650
Assigned	569,857	2,013,287	-	2,013,287
Total fund balances	<u>569,857</u>	<u>3,490,011</u>	<u>2,841,246</u>	<u>6,331,257</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 589,432</u>	<u>\$ 5,007,463</u>	<u>\$ 2,851,716</u>	<u>\$ 7,859,179</u>

(Concluded)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2014

	Special Revenue Funds					
	Sewer Assessment Fund	Shellfish Fund	Town Aid Road Fund	Dog License Fund	SNEFLA Reserve Fund	Youth Service Activity Fund
Revenues:						
Intergovernmental	\$ -	\$ -	\$ 298,573	\$ -	\$ -	\$ -
Charges for services	11,716	12,179	-	7,147	12,500	94,976
Income from investments	-	123	-	-	81	352
Other	-	-	-	1,966	-	20,325
Total revenues	11,716	12,302	298,573	9,113	12,581	115,653
Expenditures:						
Current:						
General government	-	-	-	-	-	63,851
Public safety	-	16,998	-	7,924	-	-
Highway department	-	-	307,869	-	-	-
Recreation	-	-	-	-	-	9,441
Education	-	-	-	-	-	4,996
Total expenditures	-	16,998	307,869	7,924	-	78,288
Net change in fund balance	11,716	(4,696)	(9,296)	1,189	12,581	37,365
Fund balances - July 1, 2013	203,662	61,912	289,784	9,466	149,071	179,330
Fund balances - June 30, 2014	\$ 215,378	\$ 57,216	\$ 280,488	\$ 10,655	\$ 161,652	\$ 216,695

(Continued)



Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2014

	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
Revenues:						
Intergovernmental	\$ 172,941	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	110,716	2,078,433	-	81,557	-
Income from investments	-	219	43	62	442	-
Other	-	5,050	115,243	-	-	676
Total revenues	172,941	115,985	2,193,719	62	81,999	676
Expenditures:						
Current:						
General government	181,988	-	-	-	-	-
Public safety	-	-	-	-	-	-
Sanitation and waste removal	-	-	2,327,214	-	-	-
Recreation	-	70,259	-	-	-	-
Capital outlay	-	-	-	-	3,399	-
Total expenditures	181,988	70,259	2,327,214	-	3,399	-
Excess (deficiency) of revenues over expenditures	(9,047)	45,726	(133,495)	62	78,600	676
Other financing sources (uses):						
Transfers in	-	-	300,000	-	-	-
Net change in fund balance	(9,047)	45,726	166,505	62	78,600	676
Fund balances - July 1, 2013	11,353	96,908	796,042	30,950	509,924	4,135
Fund balances - June 30, 2014	\$ 2,306	\$ 142,634	\$ 962,547	\$ 31,012	\$ 588,524	\$ 4,811

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2014

	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	\$ -	\$ 927,643	\$ -	\$ 382,677	\$ 43,564	\$ 31,965
Charges for services	-	-	-	572,386	-	1,842
Income from investments	-	-	-	-	-	-
Total revenues	-	927,643	-	955,063	43,564	33,807
Expenditures:						
Current:						
General government	-	-	-	-	21,386	1,893
Public safety	-	-	-	-	-	31,965
Education	-	927,643	-	967,191	-	-
Total expenditures	-	927,643	-	967,191	21,386	33,858
Net change in fund balance	-	-	-	(12,128)	22,178	(51)
Fund balances - July 1, 2013	1,011	-	1,344	139,827	87,377	6,678
Fund balances - June 30, 2014	<u>\$ 1,011</u>	<u>\$ -</u>	<u>\$ 1,344</u>	<u>\$ 127,699</u>	<u>\$ 109,555</u>	<u>\$ 6,627</u>

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2014

	Special Revenue Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	Miscellaneous	Total	Capital Nonrecurring	
Revenues:				
Intergovernmental	\$ 500,368	\$ 2,357,731	\$ -	\$ 2,357,731
Charges for services	99	2,983,551	52,245	3,035,796
Income from investments	38	1,360	164	1,524
Other	25,179	168,439	232	168,671
Total revenues	525,684	5,511,081	52,641	5,563,722
Expenditures:				
Current:				
General government	22,604	291,722	-	291,722
Public safety	293,417	350,304	-	350,304
Highway department	-	307,869	-	307,869
Sanitation and waste removal	-	2,327,214	-	2,327,214
Recreation	-	79,700	-	79,700
Education	-	1,899,830	-	1,899,830
Capital outlay	-	3,399	1,116,084	1,119,483
Total expenditures	316,021	5,260,038	1,116,084	6,376,122
Excess (deficiency) of revenues over expenditures	209,663	251,043	(1,063,443)	(812,400)
Other financing sources (uses):				
Transfers in	9,700	309,700	2,144,012	2,453,712
Net change in fund balance	219,363	560,743	1,080,569	1,641,312
Fund balances - July 1, 2013	350,494	2,929,268	1,760,677	4,689,945
Fund balances - June 30, 2014	\$ 569,857	\$ 3,490,011	\$ 2,841,246	\$ 6,331,257

(Concluded)

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## **Fiduciary Funds**

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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, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Assets</u>				
Cash:				
Student activity	\$ 328,078	\$ 623,416	\$ 662,321	\$ 289,173
Tax sale escrow	12,300	7	-	12,307
Stonington Harbor management	300	-	-	300
BOE flex account	53,944	107,971	112,520	49,395
Total cash	394,622	731,394	774,841	351,175
Investments:				
Tax sale escrow	79,472	6	-	79,478
Due from other funds:				
Stonington harbor management	13,974	25,215	19,392	19,797
Mystic harbor management	7,740	47,644	45,072	10,312
Total due from other funds	21,714	72,859	64,464	30,109
Total assets	<u>\$ 495,808</u>	<u>\$ 804,259</u>	<u>\$ 839,305</u>	<u>\$ 460,762</u>
<u>Liabilities</u>				
Accounts payable:				
Student activity	\$ 328,078	\$ 623,416	\$ 662,321	\$ 289,173
Tax sale escrow	91,772	13	-	91,785
Stonington harbor management	14,274	25,215	19,392	20,097
Mystic harbor management	7,740	47,644	45,072	10,312
BOE flex account	53,944	107,971	112,520	49,395
Total accounts payable	<u>\$ 495,808</u>	<u>\$ 804,259</u>	<u>\$ 839,305</u>	<u>\$ 460,762</u>

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## **Trend Information**

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Table 1

## Town of Stonington, Connecticut

Net Position by Component  
Last Ten Years  
(Unaudited)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net investment in capital assets	\$ 89,847,001	\$ 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
Restricted for:										
Public safety	5,822	5,146	5,145	6,248	-	-	-	-	-	-
Highway department	280,488	289,784	161,772	103,222	-	-	-	-	-	-
Sanitation and waste removal	215,378	203,662	120,534	88,972	-	-	-	-	-	-
Human services	8,933	18,031	5,934	4,525	-	-	-	-	-	-
Education	127,699	139,827	141,620	147,265	-	-	-	-	-	-
Unrestricted	<u>24,469,568</u>	<u>21,431,285</u>	<u>21,800,934</u>	<u>18,794,839</u>	<u>16,990,964</u>	<u>16,625,138</u>	<u>16,764,899</u>	<u>15,376,694</u>	<u>10,068,986</u>	<u>2,040,008</u>
Total net position	<u>\$ 114,954,889</u>	<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>

Table 2

## Town of Stonington, Connecticut

Changes in Net Position  
Last Ten Years  
(Unaudited)

Fiscal Year

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
General government	\$ 7,433,041	\$ 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
Public safety	5,422,414	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
Highway department	4,400,717	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
Sanitation and waste removal	5,743,250	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
Health and welfare	725,329	720,024	777,536	343,692	343,692	581,805	672,159	658,744	659,279	458,300
Library	284,810	284,810	269,810	189,979	189,979	450,316	267,159	267,159	249,159	226,659
Recreation	171,977	174,252	297,402	183,653	183,653	153,603	128,473	128,940	114,811	97,177
Education	40,881,875	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
Interest expense	1,326,010	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
Total expenses	66,389,423	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
Program revenues:										
Charges for services:										
General government	851,715	750,359	711,631	803,809	803,809	597,524	968,032	960,447	1,227,325	1,455,818
Public safety	113,262	112,167	77,259	286,534	286,534	184,482	60,581	51,057	44,271	61,888
Highway department	235,360	199,124	244,472	256,784	256,784	429,827	2,517,134	2,371,438	2,337,035	1,205,263
Sanitation and waste removal	3,887,694	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
Health and welfare	96,818	74,649	96,865	33,825	33,825	21,988	5,747	1,035	-	10,447
Library	-	-	-	25,385	25,385	5,575	-	-	-	-
Recreation	127,833	96,406	113,050	19,328	19,328	95,559	124,812	84,924	49,089	15,393
Education	607,743	675,144	601,777	2,308,078	2,308,078	678,522	710,631	735,093	714,953	616,829
Operating grants and contributions	8,208,821	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
Capital grants and contributions	403,710	647,508	425,334	1,937,799	1,937,799	1,228,228	148,937	327,083	1,869,356	916,594
Total program revenues	14,532,956	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
Net expenses:										
Governmental activities	(51,856,467)	(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)
General revenues:										
Property taxes	51,881,485	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
Grants and contributions not restricted to specific programs	417,790	-	-	-	-	-	-	-	-	-
Investment income	196,867	171,959	167,948	222,137	222,137	408,849	962,047	1,289,267	900,590	286,123
Miscellaneous	58,151	13,969	56,273	441,549	441,549	59,729	100,806	262,618	410,855	139,227
Total general revenues	52,554,293	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
Change in net position	\$ 697,826	\$ 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



Table 3

## Town of Stonington, Connecticut

Schedule of Debt Limitation  
Year Ended June 30, 2014  
(Unaudited)

Total tax collections (including interest and lien fees) for current year	\$ 51,787,758
Total tax collections (including interest and lien fees) of city, borough and all other taxing districts within the Town for the current year	4,510,651
Reimbursement for revenue loss on: Tax relief for elderly freeze	<u>4,736</u>
Base for debt limitation computation	<u>\$ 56,303,145</u>

Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 126,682,076	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	253,364,153	-	-	-
3 3/4 times base	-	-	211,136,794	-	-
3 1/4 times base	-	-	-	182,985,221	-
3 times base	-	-	-	-	168,909,435
Total debt limitation	<u>126,682,076</u>	<u>253,364,153</u>	<u>211,136,794</u>	<u>182,985,221</u>	<u>168,909,435</u>
Indebtedness:					
Bonds payable	7,857,600	18,112,400	10,800,000	-	-
Bonds anticipation notes	1,585,000	-	5,000,000	-	-
Fire District Debt	<u>2,769,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net indebtedness (1)	<u>12,212,569</u>	<u>18,112,400</u>	<u>15,800,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 114,469,507</u>	<u>\$ 235,251,753</u>	<u>\$ 195,336,794</u>	<u>\$ 182,985,221</u>	<u>\$ 168,909,435</u>

## Notes:

(1) The total of the above net indebtedness amounts to:	<u>\$ 46,124,969</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:	<u>\$ 394,122,015</u>

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**Federal  
Single  
Audit**

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**Town of Stonington, Connecticut**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through-Entity Identifying Number	Expenditures
<u><b>U.S. Department of Agriculture</b></u>			
Passed through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553		\$ 58,272
National School Lunch Program - Cash	10.555		239,249
National School Lunch Program - Commodities	10.555		37,773
Summer Food Service Program for Children	10.559		<u>22,493</u>
Total Child Nutrition Cluster			<u>357,787</u>
<u><b>U.S. Department of Housing and Urban Development</b></u>			
Passed through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		<u>172,941</u>
<u><b>U.S. Department of the Interior</b></u>			
Passed through State Department of Energy and Environmental Protection:			
Clean Vessel Act Program	15.616		<u>669</u>
<u><b>U.S. Department of Justice</b></u>			
Passed through State Office of Policy and Management:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>18,445</u>
<u><b>U.S. Department of Transportation</b></u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	12602-DOT57151-22108	<u>43,564</u>
<u><b>U.S. Department of Education</b></u>			
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	12060-20679-82070-2013-170002-SDE00005	68,110
Title I Grants to Local Educational Agencies	84.010	12060-20679-82070-2014-170002-SDE00005	<u>105,803</u>
Total - Title I Grants to Local Educational Agencies	84.010		<u>173,913</u>
Special Education - Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	12060-20977-82032-2013-170002	28,251
Special Education - Grants to States (IDEA, Part B)	84.027	12060-20977-82032-2014-170002	<u>447,402</u>
Total Special Education - Grants to States (IDEA, Part B)	84.027		475,653
Special Education - Preschool Grants (IDEA Preschool)	84.173	12060-20983-82032-2014-170002	<u>11,582</u>
Total Special Education - Cluster			<u>487,235</u>
Career and Technical Education - Basic Grants to States	84.048	12060-20742-84010-2014-170002	<u>19,084</u>
Improving Teacher Quality State Grants	84.367	12060-20858-84131-2013-170002	5,570
Improving Teacher Quality State Grants	84.367	12060-20858-84131-2014-170002	<u>42,716</u>
Total Improving Teacher Quality State Grants	84.367		<u>48,286</u>
Total U.S. Department of Education			<u>728,518</u>
<u><b>U.S. Department of Homeland Security</b></u>			
Passed through State Emergency Management & Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12060-DPS32990-22520	73,943
Port Security Grant Program	97.056	12060-DPS32160-22327	<u>360,146</u>
Total U.S. Department of Homeland Security			<u>434,089</u>
Grand Total Federal Awards			<u>\$ 1,756,013</u>

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, 2014**

**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 \$37,773 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, 2014**

**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 ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements  
noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ 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 ☒ no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster
97.056	Port Security Grant Program

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

Auditee qualified as low-risk auditee? ☒ 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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 26, 2015.

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 cursive script that reads "CohnReznick LLP".

New London, Connecticut  
February 26, 2015

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, 2014. 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, 2014.

### *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 an 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.

The image shows a handwritten signature in black ink. The signature appears to read "Cohn Reznick LLP" in a cursive, flowing script. The letters are connected, and the overall style is professional and legible.

New London, Connecticut  
February 26, 2015

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**State  
Single  
Audit**

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**Town of Stonington, Connecticut**

**Schedule of Expenditures of State Financial Assistance  
Year Ended June 30, 2014**

State Grantor/Pass-through Grantor/Program Title	State Grant Program Core-Ct Number	Expenditures
<u>Department of Education:</u>		
Adult Education	11000-SDE64000-17030	\$ 16,592
Health Services	11000-SDE64000-17034	10,194
School Breakfast	11000-SDE64000-17046	18,899
Youth Service Bureau	11000-SDE64000-17052	19,373
Magnet Schools	11000-SDE64000-17057	68,900
Youth Service Bureau Enhancement	11000-SDE64000-16201	6,171
Child Nutrition State Matching Grant	11000-SDE64000-16211	9,349
Healthy Foods Initiative	11000-SDE64000-16212	19,135
High Quality Schools and Common Core Implementation	12052-SDE64000-43538	76,321
<u>Department of Energy and Environmental Protection:</u>		
Public, Educational and Governmental Programming and Educational Technology Investment Account (PEGPETIA) Grant Program	12060-DEP44623-35363	102,131
<u>Department of Transportation:</u>		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	298,573
Small Town Economic Assistance Program (STEAP)	12052-DOT57191-40532	175,000
<u>Office of Policy and Management:</u>		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	20,554
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	1,752
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	119,766
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	4,736
Property Tax Relief for Veterans	11000-OPM20600-17024	19,247
Local Capital Improvement Program	12050-OPM20600-40254	94,362
<u>Department of Emergency Services and Public Protection:</u>		
Telecommunications Fund	12060-DPS32740-35190	43,834
<u>Connecticut State Library:</u>		
Historic Documents Preservation Grants	12060-CSL66094-35150	4,000
Total State Financial Assistance before Exempt Programs		1,128,889
<u>Exempt Programs:</u>		
<u>Department of Education:</u>		
Transportation of School Children	11000-SDE64000-17027	26,322
Educational Cost Sharing	11000-SDE64000-17041-82010	2,022,297
Excess Cost - Student Based	11000-SDE64000-17047	769,972
Nonpublic School Transportation	11000-SDE64000-17049	3,444
<u>Office of Policy And Management:</u>		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	36,076
Municipal Video Competition	12060-OPM20600-35362	3,620
Municipal Revenue Sharing	12060-OPM20600-35458	117,677
Total Exempt Programs		2,979,408
Total State Financial Assistance		\$ 4,108,297

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, 2014

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, 2014. 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, 2014.

#### Department of Energy and Environmental Protection:

Clean Water Funds 21014-OTT14230-4001:

Grant ID	Issue Date	Interest Rate	Original Amount	July 1, 2013	Balance Retired	Balance June 30, 2014
196-C1	1998	2.0%	\$ 1,563,519	\$ 300,617	\$ 75,154	\$ 225,463
196-CD1	06/30/00	2.0%	1,148,280	305,921	74,227	231,694
				<u>\$ 606,538</u>	<u>\$ 149,381</u>	<u>\$ 457,157</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, 2014**

**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

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	\$ 119,766
Department of Transportation:		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	298,573
Small Town Economic Assistance Program (STEAP)	12052-DOT57191-40532	175,000
Dollar threshold used to distinguish between type A and type B programs		\$ 200,000

**Town of Stonington, Connecticut**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2014**

II. Financial Statement Findings

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

III. State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs are related 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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 26, 2015.

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  
February 26, 2015



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, 2014. 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, 2014.

### *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.

*CohnReznick LLP*

New London, Connecticut  
February 26, 2015