

Annual Financial Report
of the
Town of Stonington, Connecticut
Year Ended June 30, 2016

Town of Stonington, Connecticut

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Introductory Section

Town of Stonington, Connecticut

**List of Principal Officials
June 30, 2016**

Board of Selectmen

Rob Simmons, First Selectman
Michael Spellman, Selectman
Kate Rotella, Selectwoman

Board of Finance

Bryan Bentz, Chairman
Glenn Frishman
Michael Fauerbach
Dudley Wheeler, Sr.
Timothy O'Brien
June Strunk

Town Departments

James Sullivan, CPA, Director of Finance
Paul Cravinho, Treasurer
Gary Shettle, BOE Director of Finance
Marsha Standish, Assessor
Linda Carmelio, Tax Collector
Dr. Van W. Riley, Superintendent of Schools
Barbara McKrell, Public Works Director
Douglas Nettleton, 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

Financial Section

Independent Auditor's Report

Board of Finance
Town of Stonington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of and for the year ended June 30, 2016, 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, 2016, 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 67 to 76, 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 supplemental schedules 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the Town of Stonington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stonington, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Hartford, Connecticut
December 15, 2016



TOWN OF STONINGTON

152 Elm Street • Stonington, Connecticut 06378
Tel: 860 535-5070 Fax: 860 535-0602

Management's Discussion and Analysis June 30, 2016

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, 2016. 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 \$114,460,247 (net position). Of this amount, \$22,310,954 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- ◆ The Town's total net position increased by \$656,794. The increase is due to an increase in property tax revenues offset by an overall increase in operational expenses.
- ◆ As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,765,485, an increase of \$222,250 in comparison with the prior year.
- ◆ At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,334,927, or 23.4% of total general fund budgetary expenditures and transfers.
- ◆ The Town's bonded debt and notes payable decreased by \$3,722,380 during the current fiscal year due to scheduled principal payments.

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, deferred outflows, liabilities and deferred inflows with the difference between these accounts 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, human services, 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.

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, Sewer Usage Fund and Bonded Capital Projects, which are considered to be major funds. Data from the other 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.

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 \$114,460,247 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (79.1%) 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.

Government-Wide Financial Analysis

Statements of Net Position

	2016	2015 (as restated)
Current and other assets	\$ 32,916,210	\$ 33,528,066
Capital assets (net)	129,836,010	131,514,812
Total assets	<u>162,752,220</u>	<u>165,042,878</u>
Deferred outflows of resources	<u>4,755,558</u>	<u>3,493,131</u>
Other liabilities	8,349,444	7,973,509
Long-term liabilities	<u>44,449,829</u>	<u>45,894,922</u>
Total liabilities	<u>52,799,273</u>	<u>53,868,431</u>
Deferred inflows of resources	<u>248,258</u>	<u>864,125</u>
Net position:		
Net investment in capital assets	90,575,409	88,407,197
Restricted	1,573,884	583,674
Unrestricted	<u>22,310,954</u>	<u>24,812,582</u>
Total net position	<u>\$ 114,460,247</u>	<u>\$ 113,803,453</u>

A small portion of the Town's net position, 1.4%, represents resources that are subject to external restrictions on how they may be used.

The remaining balance, or 19.5%, 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

Statements of Changes in Net Position

	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 6,645,188	\$ 5,741,620
Operating grants and contributions	6,731,104	6,542,596
Capital grants and contributions	427,362	200,392
General revenues:		
Property taxes	56,279,632	53,659,623
Grants and contributions not restricted to specific programs	357,458	294,518
Investment income	138,095	194,228
Miscellaneous	48,953	16,464
Total revenues	<u>70,627,792</u>	<u>66,649,441</u>
Expenses:		
General government	8,330,574	7,453,587
Public safety	6,772,583	5,665,553
Highway department	4,287,328	4,218,571
Sanitation and waste removal	5,436,017	5,324,794
Human services	936,054	727,211
Library	319,500	304,810
Recreation	274,055	185,163
Education	42,323,983	42,278,343
Interest on long-term debt	1,290,904	1,494,879
Total expenses	<u>69,970,998</u>	<u>67,652,911</u>
Increase in net position	656,794	(1,003,470)
Net position - July 1 (as restated)	113,803,453	111,564,871
Restatement for net pension liability	<u>-</u>	<u>3,242,052</u>
Net position - June 30	<u>\$ 114,460,247</u>	<u>\$ 113,803,453</u>

For governmental activities, 79.7% of revenues were derived from property taxes, followed by grants and contributions 10.6%, charges for services 9.4% and investment earnings/miscellaneous 0.3%.

Property tax revenues recorded during the fiscal year reflect an increase of 4.9% due to the increase in the mill rate from 20.43 in 2014-15 to 21.32 in 2015-16. The increase was required to support the 2016 budget as adopted.

Governmental activities (continued)

For governmental activities, approximately 60.5% of the Town's expenses relates to education, followed by 11.9% to general government, 9.7% to public safety, 7.8% to sanitation and waste removal, 6.1% to highway department, 1.8% to interest on long-term debt, 1.3% to human services, 0.4% to recreation and 0.5% to library.

- ♦ General government expenses increased by 11.8% from \$7,453,587 to \$8,330,574 due to the planning director position being filled, contractual agreements and the increased benefits costs, increased risk management costs due to safety initiatives, premium increases and increases to heart and hypertension claims, and a one-time contribution of \$185,000 to the Stonington Ambulance Corp through the Health Department.
- ♦ Public safety expenses increased by 19.5% from \$5,665,553 to \$6,772,583 due to contractual agreements and the increased cost of retirement benefits.

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

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.

The Town reports fund balance in 4 categories. The following are the categories and definitions:

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.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,765,485, an increase of \$222,250 in comparison with the prior year. \$14,334,927, or 65.9%, of this total amount constitutes unassigned fund balance.

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 (\$1,556,418).
2. Committed for Capital Projects, Sewer Assessments, and Sewer Usage (\$4,045,248).
3. Assigned for subsequent year's budget, encumbrances or specific purposes (\$1,828,892).

Governmental funds (continued)

General Fund. 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 \$14,334,927, while total fund balance reached \$15,189,339. 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 23.4% of total general fund budgetary expenditures and transfers out, while total fund balance represents 24.8% of that same amount.

During the current fiscal year, the fund balance of the Town's general fund increased by \$1,218,014. The increase was substantially attributable to property tax revenues exceeding the amount budgeted by \$683,231 and charges for services exceeding the amount budgeted by \$874,919. In addition, the budget was underspent by a total of \$488,517, lead by general government underspent by \$323,891. The most significant line item underspent was the legal support line which has a positive variance of \$67,277.

These items were offset by the Town budgeting the use of fund balance of \$202,400 and additional appropriations of \$554,751 which are discussed in more detail below.

Sewer Usage Fund. The fund accounts for the Town's sewer usage operations. During the year, expenditures exceeded revenues and operating transfers in by \$338,535. Restricted net position at year end was \$751,230.

Bonded Capital Projects. The fund accounts for financial resources to be used for bond funded capital projects. During the year, the fund had capital outlay expenditures of \$1,818,672 which were largely for WPCA projects, road improvements, and two school projects that were bonded in previous fiscal years. This reduced fund balance from \$1,993,726 to \$175,054.

Proprietary Fund

The Internal Service Fund is the Town's only proprietary fund. Unrestricted net position in the fund at year end was \$3,679,816, a decrease of \$55,802 from the prior year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$554,751. The difference is due to the following additional appropriations approved by Town Meeting:

- ◆ Additional appropriation of \$185,000 to the Stonington Volunteer Ambulance Corp to fund structural repairs to concrete slab and footings.
- ◆ Additional appropriation of \$329,000 transfer out to capital nonrecurring fund of \$329,000 for Towns portion of repairs to Lantern Hill Bridge.
- ◆ Additional appropriations of \$40,751 for various general government departments.

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets amounts to \$129,836,010 (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.

Capital Assets (Net of Depreciation)

	2016	2015
Land	\$ 11,028,391	\$ 11,028,391
Construction in progress	20,054,449	18,600,650
Land and building improvements	6,599,550	6,847,353
Buildings	33,667,675	34,945,280
Machinery and equipment	1,378,070	1,550,636
Infrastructure	55,509,551	57,382,359
Vehicles	1,598,324	1,160,143
Total	<u>\$ 129,836,010</u>	<u>\$ 131,514,812</u>

The capital assets (net of depreciation) decreased in the current year by \$1,678,802. The decrease is due to depreciation expense exceeding capital asset additions. In the current year, the Town had capital asset additions totaling \$2,278,624. Major capital asset additions consisted of the following:

- ◆ Wastewater Treatment Facility - \$70,000
- ◆ Field renovations - \$251,000
- ◆ PK-5 Construction projects - \$1,100,000
- ◆ (2) Highway trucks, a street sweeper and a leaf vacuum - \$570,000
- ◆ (4) Police vehicles - \$145,000

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 \$38,388,911. All debt is backed by the full faith and credit of the Town.

During the current fiscal year, the Town's total bonded debt decreased by \$3,722,380. The decrease was solely due to the principal payments on outstanding bonded debt.

Long-term and short-term debt

The Town's maintains an "Aa1" credit rating from Moody's Investor Service.

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 \$418,568,787, 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 E.

Economic Factors and Next Year's Budgets and Rates

As of June 2016, the unemployment rate for the Town was at 4.7%, which compares favorably to the state's average unemployment rate of 5.8% and a national unemployment rate of 4.9%.

Requests for Information

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

Basic Financial Statements

Town of Stonington, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2016

<u>Assets</u>	
Current assets:	
Cash	\$ 14,534,093
Investments	13,654,346
Receivables:	
Property taxes	769,422
Assessments/user charges	779,655
Intergovernmental	217,307
Other	528,113
Other	20,475
	<hr/>
Total current assets	30,503,411
	<hr/>
Noncurrent assets:	
Receivables (net):	
Property taxes	53,368
Loans	224,200
Assessments/user charges	135,487
	<hr/>
Total receivables (net)	413,055
	<hr/>
Other noncurrent assets:	
Net pension asset	1,999,744
	<hr/>
Capital assets (net of accumulated depreciation):	
Land	11,028,391
Construction in progress	20,054,449
Land and building improvements	6,599,550
Buildings	33,667,675
Machinery and equipment	1,378,070
Infrastructure	55,509,551
Vehicles	1,598,324
	<hr/>
Total capital assets	129,836,010
	<hr/>
Total noncurrent assets	132,248,809
	<hr/>
Total assets	162,752,220
	<hr/>
<u>Deferred Outflows of Resources</u>	
Deferred outflows related to pensions	3,408,254
Deferred charges on refunding	1,347,304
	<hr/>
Total deferred outflows of resources	4,755,558
	<hr/>

(Continued)

Town of Stonington, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2016

<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 3,469,318
Accrued payroll and related liabilities	240,465
Accrued interest payable	398,572
Unearned revenue	68,527
Bonds and notes payable	3,713,911
Capital leases	142,646
Compensated absences	291,005
Landfill postclosure costs	25,000
	<hr/>
Total current liabilities	8,349,444
	<hr/>
Noncurrent liabilities:	
Bonds, notes, and related liabilities	36,691,348
Capital leases	496,638
Compensated absences	1,164,020
Landfill postclosure costs	200,000
Heart and hypertension	919,897
Net pension liability	4,878,508
Net OPEB obligation	99,418
	<hr/>
Total noncurrent liabilities	44,449,829
	<hr/>
Total liabilities	52,799,273
	<hr/>
<u>Deferred Inflows of Resources</u>	
Deferred inflows related to pensions	248,258
	<hr/>
<u>Net Position</u>	
Net investment in capital assets	90,575,409
Restricted for:	
Public safety	5,133
Highway department	593,636
Sanitation and waste removal	888,463
Human services	10,328
Education	58,858
Unrestricted	22,328,420
	<hr/>
Total net position	\$ 114,460,247
	<hr/>

(Concluded)

Town of Stonington, Connecticut

Statement of Activities
Year Ended June 30, 2016

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	\$ 8,330,574	\$ 1,154,923	\$ 407,550	\$ -	\$ (6,768,101)
Public safety	6,772,583	420,309	86,156	-	(6,266,118)
Highway department	4,287,328	454,001	-	427,362	(3,405,965)
Sanitation and waste removal	5,436,017	3,877,318	-	-	(1,558,699)
Human services	936,054	97,750	24,931	-	(813,373)
Library	319,500	-	-	-	(319,500)
Recreation	274,055	137,230	18,804	-	(118,021)
Education	42,323,983	503,657	6,193,663	-	(35,626,663)
Interest expense	1,290,904	-	-	-	(1,290,904)
Total governmental activities	\$ 69,970,998	\$ 6,645,188	\$ 6,731,104	\$ 427,362	\$ (56,167,344)
General revenues:					
Property taxes					\$ 56,279,632
Grants and contributions not restricted to specific programs					357,458
Investment income					138,095
Miscellaneous					48,953
Total general revenues					56,824,138
Change in net position					656,794
Net position - July 1, 2015 (as restated)					113,803,453
Net position - June 30, 2016					\$ 114,460,247

See Notes to Financial Statements.

Town of Stonington, Connecticut

Balance Sheet
Governmental Funds
June 30, 2016

	General	Sewer Usage Fund	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 4,736,484	\$ 1,111,621	\$ -	\$ 5,194,351	\$ 11,042,456
Investments	13,644,332	10,014	-	-	13,654,346
Receivables, net:					
Property taxes	772,340	-	-	-	772,340
Loans	-	-	-	224,200	224,200
Assessments/use charges	-	913,107	-	2,035	915,142
Intergovernmental	4,938	-	-	212,369	217,307
Other	521,966	3,412	-	2,735	528,113
Due from other funds	2,353,118	19,210	2,394,528	807,256	5,574,112
Other assets	20,475	-	-	-	20,475
Total assets	\$ 22,053,653	\$ 2,057,364	\$ 2,394,528	\$ 6,442,946	\$ 32,948,491
<u>Liabilities</u>					
Accounts payable	\$ 2,204,756	\$ 12,474	\$ 594,862	\$ 111,188	\$ 2,923,280
Accrued payroll and related liabilities	240,465	-	-	-	240,465
Due to other funds	3,916,030	380,553	1,624,612	387,134	6,308,329
Unearned revenue	-	-	-	68,527	68,527
Total liabilities	6,361,251	393,027	2,219,474	566,849	9,540,601
<u>Deferred Inflows of Resources</u>					
Unavailable revenue:					
Property taxes	503,063	-	-	-	503,063
Sewer charges and assessments	-	913,107	-	2,035	915,142
Loans receivable	-	-	-	224,200	224,200
Intergovernmental receivable	-	-	-	-	-
Total deferred inflows of resources	503,063	913,107	-	226,235	1,642,405
<u>Fund Balances</u>					
Restricted	-	751,230	-	805,188	1,556,418
Committed	-	-	175,054	3,870,194	4,045,248
Assigned	854,412	-	-	974,480	1,828,892
Unassigned	14,334,927	-	-	-	14,334,927
Total fund balances	15,189,339	751,230	175,054	5,649,862	21,765,485
Total liabilities, deferred inflows of resources and fund balances	\$ 22,053,653	\$ 2,057,364	\$ 2,394,528	\$ 6,442,946	\$ 32,948,491

(Continued)

Town of Stonington, Connecticut
Reconciliation of Fund Balances
to Net Position of Governmental Activities
June 30, 2016

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balances (Exhibit C, Page 1)	\$ 21,765,485
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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	131,514,812
Current year additions	2,278,624
Depreciation expense	(3,944,273)
Disposal of capital assets	(13,153)

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

Property tax interest and lien accrual	102,450
Allowance for doubtful accounts	(52,000)
Net pension asset	1,999,744
Deferred outflows related to pensions	3,408,254

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	1,642,405
---	-----------

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	3,679,816
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Some liabilities and deferred inflows, 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	(38,388,911)
Capital lease obligations	(639,284)
Premiums	(2,016,348)
Deferred charges on refunding	1,347,304
Compensated absences	(1,455,025)
Landfill postclosure costs	(225,000)
Heart and hypertension	(919,897)
Net OPEB obligation	(99,418)
Net pension liability	(4,878,508)
Accrued interest payable	(398,572)
Deferred inflows related to pensions	(248,258)

Net position of governmental activities	<u>\$ 114,460,247</u>
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(Concluded)

Town of Stonington, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General	Sewer Usage Fund	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 56,448,889	\$ -	\$ -	\$ -	\$ 56,448,889
Intergovernmental	5,989,782	-	-	2,261,654	8,251,436
Charges for services	3,427,219	1,797,593	-	1,230,593	6,455,405
Income from investments	127,388	-	-	7,660	135,048
Other	-	1,895	-	47,058	48,953
Total revenues	<u>65,993,278</u>	<u>1,799,488</u>	<u>-</u>	<u>3,546,965</u>	<u>71,339,731</u>
Expenditures:					
Current:					
General government	7,776,329	-	-	408,298	8,184,627
Public safety	4,901,169	-	-	469,405	5,370,574
Highway department	2,370,891	-	-	83,482	2,454,373
Sanitation and waste removal	2,373,770	2,457,233	-	-	4,831,003
Human services	375,583	-	-	50,833	426,416
Social services	271,266	-	-	-	271,266
Recreation	96,547	-	-	177,508	274,055
Libraries	319,500	-	-	-	319,500
Payments to other civic divisions	172,177	-	-	-	172,177
Education	38,884,087	-	-	1,873,632	40,757,719
Debt service	5,129,384	-	-	-	5,129,384
Capital outlay	-	-	1,818,672	1,746,999	3,565,671
Total expenditures	<u>62,670,703</u>	<u>2,457,233</u>	<u>1,818,672</u>	<u>4,810,157</u>	<u>71,756,765</u>
Excess (deficiency) of revenues over expenditures	<u>3,322,575</u>	<u>(657,745)</u>	<u>(1,818,672)</u>	<u>(1,263,192)</u>	<u>(417,034)</u>
Other financing sources (uses):					
Transfers in	45,000	319,210	-	1,849,561	2,213,771
Transfers out	(2,149,561)	-	-	(64,210)	(2,213,771)
Capital leases	-	-	-	639,284	639,284
Net other financing sources (uses)	<u>(2,104,561)</u>	<u>319,210</u>	<u>-</u>	<u>2,424,635</u>	<u>639,284</u>
Net change in fund balances	1,218,014	(338,535)	(1,818,672)	1,161,443	222,250
Fund balances - July 1, 2015	<u>13,971,325</u>	<u>1,089,765</u>	<u>1,993,726</u>	<u>4,488,419</u>	<u>21,543,235</u>
Fund balances - June 30, 2016	<u>\$ 15,189,339</u>	<u>\$ 751,230</u>	<u>\$ 175,054</u>	<u>\$ 5,649,862</u>	<u>\$ 21,765,485</u>

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, 2016**

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) \$ 222,250

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	2,278,624
Depreciation expense	<u>(3,944,273)</u>
Total	<u>(1,665,649)</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 (13,153)

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	(622,720)
Change in property tax interest and lien revenue	<u>(92,266)</u>
Total	<u>(714,986)</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	(639,284)
Principal payments:	
General obligation bonds, notes and capital leases	3,722,380
Premiums	169,316
Deferred charges on refunding	<u>(84,207)</u>
Total	<u>3,168,205</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	88,835
Accrued interest payable	30,991
Pension expense	74,721
Net OPEB obligation	(82,535)
Heart and hypertension	(421,083)
Landfill postclosure costs	<u>25,000</u>
Total	<u>(284,071)</u>

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

The net revenues (expenses) of the activities of the internal service fund is reported with governmental activities (55,802)

Change in net position of governmental activities (Exhibit B) \$ 656,794

Town of Stonington, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 55,765,658	\$ 55,765,658	\$ 56,448,889	\$ 683,231
Intergovernmental	2,520,800	2,520,800	2,360,642	(160,158)
Charges for services	2,552,300	2,552,300	3,427,219	874,919
Revenues from use of Town money and property	124,300	124,300	127,388	3,088
Total revenues	60,963,058	60,963,058	62,364,138	1,401,080
Expenditures:				
Current:				
General government	7,848,325	8,151,578	7,827,687	323,891
Public safety	4,964,367	4,964,367	4,920,117	44,250
Highway department	2,436,024	2,421,023	2,362,536	58,487
Sanitation and waste removal	2,503,526	2,418,898	2,375,570	43,328
Human services	363,876	376,821	376,811	10
Social services	264,001	272,001	271,266	735
Recreation	95,365	96,547	96,547	-
Libraries	319,500	319,500	319,500	-
Payments to other civic divisions	172,177	172,177	172,177	-
Education	35,355,347	35,295,347	35,283,536	11,811
Debt service	5,135,389	5,135,389	5,129,384	6,005
Total expenditures	59,457,897	59,623,648	59,135,131	488,517
Excess of revenues over expenditures	1,505,161	1,339,410	3,229,007	1,889,597
Other financing sources (uses):				
Appropriation of fund balance	202,400	757,151	-	(757,151)
Cancellation of prior year encumbrances	8,000	8,000	17,919	9,919
Transfers in	45,000	45,000	45,000	-
Transfers out	(1,760,561)	(2,149,561)	(2,149,561)	-
Net other financing sources (uses)	(1,505,161)	(1,339,410)	(2,086,642)	(747,232)
Net change in fund balance	\$ -	\$ -	1,142,365	\$ 1,142,365
Fund balance - July 1, 2015			13,742,562	
Fund balance - June 30, 2016			<u>\$ 14,884,927</u>	

Town of Stonington, Connecticut

Statement of Net Position
Proprietary Funds
June 30, 2016

	<u>Governmental Activities</u>	<u>Internal Service Fund</u>
<u>Assets</u>		
Current assets:		
Cash	\$ 3,491,637	
Due from other funds	694,179	
	<hr/>	
Total current assets	4,185,816	
	<hr/>	
<u>Liability</u>		
Current liability:		
Claims payable		506,000
		<hr/>
<u>Net Position</u>		
Unrestricted	\$ 3,679,816	
	<hr/> <hr/>	

Town of Stonington, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2016

	<u>Governmental Activities</u>	<u>Internal Service Fund</u>
Operating revenues:		
Charges for services	\$ 6,985,132	
Operating expenses:		
Medical claims	5,740,185	
Administration and other	1,303,796	
Total operating expenses	<u>7,043,981</u>	
Operating income (loss)	(58,849)	
Nonoperating revenues:		
Investment income	<u>3,047</u>	
Change in net position	(55,802)	
Net position - July 1, 2015	<u>3,735,618</u>	
Net position - June 30, 2016	<u><u>\$ 3,679,816</u></u>	

Town of Stonington, Connecticut

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities:	
Cash received for charges	\$ 7,780,895
Cash paid for claims and other	(5,729,185)
Cash paid for administration	(1,303,796)
	747,914
Net cash provided by (used in) operating activities	747,914
Cash flows from investing activities:	
Investment income	3,047
	3,047
Net increase (decrease) in cash and cash equivalents	750,961
Cash and cash equivalents - July 1, 2015	2,740,676
Cash and cash equivalents - June 30, 2016	\$ 3,491,637
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (58,849)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Due from other funds	795,763
Increase (decrease) in:	
Claims payable	11,000
	11,000
Net cash provided by (used in) operating activities	\$ 747,914

Town of Stonington, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Pension Trust Fund	Police OPEB Trust Fund	OPEB Trust Fund	Private- Purpose Trust Fund	Agency Funds
<u>Assets</u>					
Cash	\$ -	\$ 17,769	\$ 4,338	\$ 18,529	\$ 400,819
Investments:					
Certificates of deposit	355,042	206,651	77,840	119,967	
Mutual funds:					
Money market mutual funds	-	96,376	62,429	-	-
Fixed income mutual funds	-	88,112	120,060	-	-
Bond mutual funds	9,593,080	-	-	-	-
Equity mutual funds	19,244,726	234,607	170,482	-	-
Equities	-	372,375	250,457	-	-
Corporate bonds	-	259,375	316,027	-	-
U.S. government agency obligations	-	25,010	25,188	-	-
Municipal bonds	-	87,540	-	-	-
Total investments	<u>29,192,848</u>	<u>1,370,046</u>	<u>1,022,483</u>	<u>119,967</u>	<u>-</u>
Due from other funds	-	-	-	-	40,038
Total assets	<u>29,192,848</u>	<u>1,387,815</u>	<u>1,026,821</u>	<u>138,496</u>	<u>440,857</u>
<u>Liability</u>					
Liability:					
Accounts payable	-	-	-	-	440,857
<u>Net Position</u>					
Restricted for pension benefits, OPEB benefits and other purposes	<u>\$29,192,848</u>	<u>\$ 1,387,815</u>	<u>\$ 1,026,821</u>	<u>\$ 138,496</u>	<u>\$ -</u>

Town of Stonington, Connecticut
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2016

	Pension Trust Fund	Police OPEB Trust Fund	OPEB Trust Fund	Private- Purpose Trust Fund
Additions:				
Contributions:				
Employer	\$ 1,029,505	\$ 66,920	\$ 90,000	\$ -
Employee	216,143	54,261	-	-
Total contributions	<u>1,245,648</u>	<u>121,181</u>	<u>90,000</u>	<u>-</u>
Investment income (loss):				
Net change in fair value of investments	(498,516)	(1,914)	5,848	-
Interest and dividends	446,843	37,133	26,989	237
Total investment income (loss)	<u>(51,673)</u>	<u>35,219</u>	<u>32,837</u>	<u>237</u>
Less investment expense	<u>28,102</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>(79,775)</u>	<u>35,219</u>	<u>32,837</u>	<u>237</u>
Total additions	<u>1,165,873</u>	<u>156,400</u>	<u>122,837</u>	<u>237</u>
Deductions:				
Benefits	1,428,980	7,491	-	4,392
Administration	34,399	17,505	29,846	-
Total deductions	<u>1,463,379</u>	<u>24,996</u>	<u>29,846</u>	<u>4,392</u>
Change in net position	<u>(297,506)</u>	<u>131,404</u>	<u>92,991</u>	<u>(4,155)</u>
Net position - July 1, 2015	<u>29,490,354</u>	<u>1,256,411</u>	<u>933,830</u>	<u>142,651</u>
Net position - June 30, 2016	<u><u>\$ 29,192,848</u></u>	<u><u>\$ 1,387,815</u></u>	<u><u>\$ 1,026,821</u></u>	<u><u>\$ 138,496</u></u>

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016**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, 2016

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 *Sewer Usage Fund* accounts for the Town's sewer use operations.

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

The Town reports the following major proprietary fund:

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

Additionally, the Town reports the following fund types:

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.

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

Town of Stonington, Connecticut

Notes to Financial Statements

June 30, 2016

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.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of Stonington retirement plan, the Connecticut Municipal Employees Retirement System (MERS) and the Connecticut State Teachers' Retirement System (TRS) have been determined on the same basis as they are reported by the Town of Stonington retirement plan, MERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

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, 2016

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 16% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, all property taxes 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 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, 2016

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, 2016**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 reports the deferred charge on refunding and the deferred outflows related to pensions in this category. 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. The deferred outflows applicable to pensions are related to contributions made by the Town after the measurement date and the net difference between projected and actual earnings on pension plan investments. The deferred outflows related to contributions made after the measurement date are recognized in the subsequent fiscal year. The deferred outflow for the net difference between projected and actual earnings on pension plan investments is amortized over 5 year period. Deferred outflows for the differences between expected and actual experience and changes in assumptions are amortized over the average remaining service life of the plan members.

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. When the Town reports a deferred outflow for the net difference between projected and actual earnings on pension plan investments it is amortized over 5 year period. Deferred outflows for the differences between expected and actual experience and changes in assumptions are amortized over the average remaining service life of the plan members.

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
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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, 2016**

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, 2016

- 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 \$554,751 made during the year.

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

- 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, 2016	\$ 62,364,138	\$ 59,135,131	\$ 14,884,927
Encumbrances outstanding at June 30, 2015 liquidated during the year ended June 30, 2016	-	210,844	-
Encumbrances outstanding at June 30, 2016, charged to budgetary expenditures	-	(304,412)	304,412
State Teachers' Retirement on-behalf payment	<u>3,629,140</u>	<u>3,629,140</u>	<u>-</u>
Balance, GAAP Basis, Exhibit D - June 30, 2016	<u>\$ 65,993,278</u>	<u>\$ 62,670,703</u>	<u>\$ 15,189,339</u>

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

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. At year end, \$25,083,728 of the Town's bank balance of \$30,192,406 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 22,393,939
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>2,689,789</u>
Total amount subject to custodial credit risk	<u>\$ 25,083,728</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 - The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of <u>Investment</u>	Fair <u>Value</u>	<u>N/A</u>	Investment Maturities in Years			
			<u>Less than One Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>Over 10 Years</u>
Bond mutual funds	\$ 9,593,080	\$ -	\$ -	\$ 854,364	\$ 7,309,183	\$ 1,429,533
Equity mutual funds	19,649,815	19,649,815	-	-	-	-
Fixed income mutual funds	208,172	-	208,172	-	-	-
Money market mutual funds	158,805	-	158,805	-	-	-
Money markets/CDs	13,938,047	-	12,643,856	1,163,783	130,408	-
Pooled fixed income	475,799	-	475,799	-	-	-
U.S. government agency securities	50,198	-	-	-	25,188	25,010
Common stock	622,832	622,832	-	-	-	-
Corporate bonds	575,402	-	75,805	211,184	288,413	-
Municipal bonds	<u>87,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,508</u>	<u>29,032</u>
	<u>\$ 45,359,690</u>	<u>\$ 20,272,647</u>	<u>\$ 13,562,437</u>	<u>\$ 2,229,331</u>	<u>\$ 7,811,700</u>	<u>\$ 1,483,575</u>

Fair value of investments

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted prices; and
- Level 3: Unobservable inputs

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

The Town had the following recurring fair value measurements:

Investments by fair value level	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<u>Mutual Funds:</u>				
Money market	\$ 158,805	\$ 158,805	\$ -	\$ -
Equity	19,649,815	19,649,815	-	-
Bond	9,593,080	9,593,080	-	-
Fixed income	208,172	208,172	-	-
Common stock	622,832	622,832	-	-
U.S. government agency securities	50,198	-	50,198	-
Municipal bonds	87,540	-	87,540	-
Corporate bonds	575,402	-	575,402	-
Total investments by fair value level	30,945,844	\$ 30,232,704	\$ 713,140	\$ -
<u>Other Investments</u>				
Money markets/CDs	13,938,047			
Pooled fixed income	475,799			
Total other investments	14,413,846			
Total investments	\$ 45,359,690			

Securities classified in Level 1 are valued using prices quoted in active markets for those securities. Securities classified in Level 2 are valued using quoted prices for identical securities in the markets that are not active.

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 or political subdivision.

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

Average Ratings	Pooled Fixed Income	Municipal and Corporate Bonds	U.S Government Agency Securities	Bond Mutual Funds	Money Market Mutual Funds	Fixed Income Mutual Funds
AAA	\$ 475,799	\$ 26,334	\$ 50,198	\$ 854,364	\$ -	\$ 118,420
AA	-	168,305	-	-	-	-
A	-	362,026	-	1,429,533	-	-
B	-	106,277	-	5,881,032	-	56,755
Unrated	-	-	-	1,428,151	158,805	32,997
Total	\$ 475,799	\$ 662,942	\$ 50,198	\$ 9,593,080	\$ 158,805	\$ 208,172

Town of Stonington, Connecticut

Notes to Financial Statements

June 30, 2016

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.

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject to Custodial Credit Risk</u>
U.S. government agency securities	\$ 50,198	\$ -	\$ 50,198
Common stock	622,832	300,000	322,832
Municipal bonds	87,540	-	87,540
Corporate bonds	<u>575,402</u>	<u>200,000</u>	<u>375,402</u>
	<u>\$ 1,335,972</u>	<u>\$ 500,000</u>	<u>\$ 835,972</u>

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, including the applicable allowances for uncollectible accounts, are presented below.

	<u>Property Taxes</u>		
	<u>Taxes</u>	<u>Interest & Lien Fees</u>	<u>Total</u>
Current portion	\$ <u>702,829</u>	\$ <u>66,593</u>	\$ <u>769,422</u>
Long-term portion	\$ 69,511	\$ 35,857	\$ 105,368
Less allowance for uncollectibles	<u>(36,000)</u>	<u>(16,000)</u>	<u>(52,000)</u>
Net long-term portion	<u>\$ 33,511</u>	<u>\$ 19,857</u>	<u>\$ 53,368</u>

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

	<u>Sewer Use</u>				
	<u>Use</u>	<u>Interest & Lien Fees</u>	<u>Total</u>	<u>Sewer Assessment</u>	<u>Total</u>
Current portion	\$ 774,203	\$ 3,417	\$ 777,620	\$ 2,035	\$ 779,655
Long-term portion	\$ 153,070	\$ 3,417	\$ 156,487	\$ -	\$ 156,487
Less allowance for uncollectibles	(21,000)	-	(21,000)	-	(21,000)
Net long-term portion	\$ 132,070	\$ 3,417	\$ 135,487	\$ -	\$ 135,487

C. Capital assets

Capital asset activity for the fiscal year was as follows:

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,028,391	\$ -	\$ -	\$ 11,028,391
Construction in progress	18,600,650	1,453,799	-	20,054,449
Total capital assets, not being depreciated	29,629,041	1,453,799	-	31,082,840
Capital assets, being depreciated:				
Land and building improvements	11,021,986	32,976	-	11,054,962
Buildings	66,497,368	-	-	66,497,368
Machinery and equipment	6,434,182	73,761	-	6,507,943
Infrastructure	89,788,422	-	-	89,788,422
Vehicles	3,479,753	718,088	204,867	3,992,974
Total capital assets being depreciated	177,221,711	824,825	204,867	177,841,669
Total capital assets	206,850,752	2,278,624	204,867	208,924,509
Less accumulated depreciation for:				
Land and building improvements	4,174,633	280,779	-	4,455,412
Buildings	31,552,088	1,277,605	-	32,829,693
Machinery and equipment	4,883,546	246,327	-	5,129,873
Infrastructure	32,406,063	1,872,808	-	34,278,871
Vehicles	2,319,610	266,754	191,714	2,394,650
Total accumulated depreciation	75,335,940	3,944,273	191,714	79,088,499
Total capital assets, being depreciated, net	101,885,771	(3,119,448)	13,153	98,753,170
Governmental activities capital assets, net	\$ 131,514,812	\$ (1,665,649)	\$ 13,153	\$ 129,836,010

Town of Stonington, Connecticut

Notes to Financial Statements

June 30, 2016

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

General government	\$ 1,722,156
Public safety	178,612
Highway department	164,497
Sanitation and waste removal	595,278
Human services	8,828
Education	<u>1,274,902</u>
Total depreciation expense	<u>\$ 3,944,273</u>

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

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
<u>Major funds</u>			
General fund:			
Town aid road fund	N/A	\$ -	\$ 617,895
Shellfish fund	N/A	2,195	-
Dog license fund	N/A	-	9,297
Youth service activity fund	N/A	9,136	-
Police department grants fund	N/A	-	13,088
Community development block grant	N/A	63	-
Recreation commission fund	N/A	15,413	-
Human services grant	N/A	-	42,345
Mystic harbor management	N/A	-	15,601
Stonington harbor management	N/A	-	24,437
Miscellaneous	N/A	95,083	-
Statewide narcotics grant	N/A	-	796
Planning and development grant fund	N/A	-	93,431
Prepaid education grants fund	N/A	127,128	-
Bonded capital projects	N/A	1,624,472	2,394,528
Capital and nonrecurring fund	N/A	99,075	-
Land acquisition fund	N/A	-	10,433
Sewer usage fund	N/A	380,553	-
Health care fund	N/A	-	667,179
Town dock reserve fund	N/A	<u>-</u>	<u>27,000</u>
Total general fund	N/A	<u>2,353,118</u>	<u>3,916,030</u>
Sewer usage fund:			
General fund	N/A	-	380,553
Miscellaneous	N/A	<u>19,210</u>	<u>-</u>
Total sewer usage fund	N/A	<u>19,210</u>	<u>380,553</u>
Bonded capital projects fund:			
General fund	N/A	2,394,528	1,624,472
Planning and development grant fund	N/A	<u>-</u>	<u>140</u>
Total bonded capital projects fund	N/A	<u>2,394,528</u>	<u>1,624,612</u>

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

	Corresponding Fund	Due From	Due To
<u>Nonmajor funds</u>			
Special revenue funds:			
Town aid road fund	General fund	\$ 617,895	\$ -
Shellfish fund	General fund	-	2,195
Dog license fund	General fund	9,297	-
Youth service activity fund	General fund	-	9,136
Police department grants fund	General fund	13,088	-
Community development block grant	General fund	-	63
Recreation commission fund	General fund	-	15,413
Human services grant	General fund	42,345	-
Miscellaneous	General fund	-	95,083
Miscellaneous	Sewer usage fund	-	19,210
Statewide narcotics grant	General fund	796	-
Planning and development grant fund	General fund	93,431	-
Prepaid education grants fund	General fund	-	127,128
Youth service activity fund	Recreation commission fund	-	13,660
Youth service activity fund	Human services grant	6,171	-
Recreation commission fund	Youth service activity fund	13,660	-
Human services grant	Youth service activity fund	-	6,171
Planning and development grant fund	Bonded capital projects	140	-
Total special revenue funds		796,823	288,059
Capital projects funds:			
Capital nonrecurring	General fund	10,433	99,075
Total nonmajor funds		807,256	387,134
Internal service fund:			
Internal service fund	General fund	694,179	-
Fiduciary funds:			
Stonington harbor management	General fund	24,437	-
Mystic harbor management	General fund	15,601	-
Total fiduciary funds		40,038	-
Grand total		\$ 6,308,329	\$ 6,308,329

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, 2016

2. Interfund transfers

A summary of interfund transfers for the fiscal year 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	N/A	-	60,000
Sewer assessment fund	N/A	45,000	-
Capital nonrecurring	N/A	<u>-</u>	<u>1,789,561</u>
Total general fund		<u>45,000</u>	<u>2,149,561</u>
Sewer usage fund:			
General fund	N/A	300,000	-
Miscellaneous	N/A	<u>19,210</u>	<u>-</u>
Total sewer usage fund		<u>319,210</u>	<u>-</u>
<u>Nonmajor funds</u>			
Special revenue funds:			
Sewer assessment fund	General fund	-	45,000
Miscellaneous	Sewer usage fund	-	19,210
Miscellaneous	General fund	<u>60,000</u>	<u>-</u>
Total special revenue funds		<u>60,000</u>	<u>64,210</u>
Capital nonrecurring fund::			
General fund	N/A	<u>1,789,561</u>	<u>-</u>
Total nonmajor funds		<u>1,849,561</u>	<u>64,210</u>
Grand total		<u>\$ 2,213,771</u>	<u>\$ 2,213,771</u>

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

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016E. Changes in long-term obligations
1. Summary of changes

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2015 (as restated)	Additions	Deductions	Balance June 30, 2016	Current Portion
General purpose:									
Refunding bond	\$ 4,525,000	02/15/09	05/15/20	2.0%-5.0%	\$ 1,965,600	\$ -	\$ 407,500	\$ 1,558,100	\$ 403,700
Refunding bond	1,192,000	02/23/12	09/01/24	2.25%-4.0%	1,081,000	-	110,000	971,000	110,000
Improvement bond	4,285,000	08/14/13	08/15/33	2.5%-4.25%	4,070,000	-	215,000	3,855,000	215,000
Road Improvement bond	1,915,000	08/22/14	08/15/34	2.0%-4.0%	1,915,000	-	97,000	1,818,000	97,000
Total general purpose					9,031,600	-	829,500	8,202,100	825,700
School:									
Improvement bond	3,275,000	07/01/07	09/01/26	4.125%-5.5%	175,000	-	175,000	-	-
Refunding bond	3,000,000	02/15/09	05/15/20	2.0%-5.0%	1,124,400	-	292,500	831,900	296,300
Refunding bond	16,128,000	02/23/12	09/01/26	2.0%-4.0%	14,949,000	-	1,355,000	13,594,000	1,520,000
Total school					16,248,400	-	1,822,500	14,425,900	1,816,300
Sewer:									
Improvement bond	12,000,000	04/05/12	04/01/32	4.125%-5.5%	10,200,000	-	600,000	9,600,000	600,000
Sewer Improvement bond	6,325,000	08/22/14	08/15/34	2.0%-4.0%	6,325,000	-	318,000	6,007,000	318,000
Total sewer					16,525,000	-	918,000	15,607,000	918,000
Clean water loans:									
Clean water loan	1,563,519	1998	2017	2%	150,309	-	75,154	75,155	75,155
Clean water loan	1,148,280	06/30/00	2016	2%	155,982	-	77,226	78,756	78,756
Total clean water loans					306,291	-	152,380	153,911	153,911
Total bond and notes					42,111,291	-	3,722,380	38,388,911	3,713,911
Premiums					2,185,664	-	169,316	2,016,348	-
Total bonds, notes and related liabilities					44,296,955	-	3,891,696	40,405,259	3,713,911
Capital leases					-	639,284	-	639,284	142,646
Compensated absences					1,543,860	791,486	880,321	1,455,025	291,005
Landfill postclosure costs					250,000	-	25,000	225,000	25,000
Heart and hypertension					498,814	516,406	95,323	919,897	-
Net OPEB obligation					16,883	431,978	349,443	99,418	-
Net pension liability					3,344,562	1,533,946	-	4,878,508	-
Total general long-term obligations					\$ 49,951,074	\$ 3,913,100	\$ 5,241,783	\$ 48,622,391	\$ 4,172,562

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

Town of Stonington, Connecticut

Notes to Financial Statements
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The annual requirements to amortize bonds payable and clean water loans are as follows:

Fiscal Year End June 30,	Bonds			Clean Water		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 3,560,000	\$ 1,283,094	\$ 4,843,094	\$ 153,911	\$ 3,093	\$ 157,004
2018	3,515,000	1,173,756	4,688,756	-	-	-
2019	3,345,000	1,045,531	4,390,531	-	-	-
2020	3,330,000	908,982	4,238,982	-	-	-
2021	2,825,000	772,881	3,597,881	-	-	-
2022	2,720,000	670,132	3,390,132	-	-	-
2023	2,720,000	573,630	3,293,630	-	-	-
2024	2,710,000	480,918	3,190,918	-	-	-
2025	2,465,000	402,947	2,867,947	-	-	-
2026	1,880,000	345,981	2,225,981	-	-	-
2027	1,395,000	297,913	1,692,913	-	-	-
2028	1,225,000	256,194	1,481,194	-	-	-
2029	1,225,000	216,063	1,441,063	-	-	-
2030	1,225,000	174,162	1,399,162	-	-	-
2031	1,225,000	132,262	1,357,262	-	-	-
2032	1,220,000	90,074	1,310,074	-	-	-
2033	620,000	47,212	667,212	-	-	-
2034	620,000	24,962	644,962	-	-	-
2035	410,000	6,919	416,919	-	-	-
TOTALS	<u>\$ 38,235,000</u>	<u>\$ 8,903,613</u>	<u>\$ 47,138,613</u>	<u>\$ 153,911</u>	<u>\$ 3,093</u>	<u>\$ 157,004</u>

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:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 134,539,967	\$ 9,279,437	\$ 125,260,530
Schools	269,079,935	14,425,900	254,654,035
Sewers	224,233,279	15,607,000	208,626,279
Urban renewal	194,335,508		194,335,508
Pension deficit	179,386,623		179,386,623

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$418,568,787.

Town of Stonington, Connecticut

Notes to Financial Statements

June 30, 2016

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, 2016, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$2,550,000.

4. 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 9 years at \$25,000 per year are \$225,000. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

5. Authorized/unissued bonds

The amount of authorized, unissued bonds for improvements to the Town's school building renovations is \$69,000,000.

6. Capital leases

The Town is committed under multiple leases for vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

Vehicles totaling \$639,284 and accumulated amortization of \$28,140 are recorded under capital leases. Amortization of vehicles under capital leases is included with depreciation expense.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments:

Year Ending <u>June 30,</u>	
2017	\$ 151,933
2018	151,934
2019	151,934
2020	104,903
2021	<u>104,903</u>
Total	665,607
Less amount representing interest	<u>(26,323)</u>
Present value of minimum lease payments	<u>\$ 639,284</u>

F. Restricted net position

The amount of restricted net position, which was restricted by enabling legislation, totaled \$1,556,418.

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016**G. Fund balance classifications**

Fund balances are composed of the following:

Fund Balance Component	General Fund	Sewer Usage Fund	Bonded Capital Projects	Nonmajor Funds	Total
<u>Restricted:</u>					
Public safety	\$ -	\$ -	\$ -	\$ 5,133	\$ 5,133
Highway department	-	-	-	593,636	593,636
Sanitation and waste removal	-	751,230	-	137,233	888,463
Human services	-	-	-	10,328	10,328
Education	-	-	-	58,858	58,858
Total Restricted	-	751,230	-	805,188	1,556,418
<u>Committed:</u>					
General government	-	-	-	184,492	184,492
Sanitation and waste removal	-	-	-	918,323	918,323
Approved CNR Projects	-	-	175,054	2,767,379	2,942,433
Total Committed	-	-	175,054	3,870,194	4,045,248
<u>Assigned:</u>					
Subsequent years' budget	550,000	-	-	-	550,000
General government	82,444	-	-	103,571	186,015
Public safety	18,948	-	-	16,149	35,097
Sanitation and waste removal	1,800	-	-	-	1,800
Human services	455	-	-	216,849	217,304
Recreation	-	-	-	177,268	177,268
Education	200,765	-	-	460,643	661,408
Total assigned	854,412	-	-	974,480	1,828,892
Unassigned	14,334,927	-	-	-	14,334,927
Total	\$ 15,189,339	\$ 751,230	\$ 175,054	\$ 5,649,862	\$ 21,765,485

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

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>
2014-2015	\$475,000	\$5,958,549	\$5,938,549	\$495,000
2015-2016	495,000	5,740,185	5,729,185	506,000

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, 2016

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 2015-2016 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 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 Wells Fargo. 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, 2016

Participant data

At July 1, 2015, PERS membership consisted of:

Retirees and beneficiaries receiving benefits	131
Terminated plan members entitled to but not yet receiving benefits	50
Active plan members	<u>170</u>
Total Plan Participants	<u>351</u>

Plan benefit 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 62nd 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 required

Contributory 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, 2016

Investments

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 Pension 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, 2016:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	32.00%	2.20%
Global fixed income	5.00%	2.50%
Large cap	24.50%	5.55%
Small cap	11.00%	5.85%
Developed international equities	19.00%	5.85%
Emerging international equities	5.50%	6.80%
Commodities	3.00%	2.50%
Total	100.00%	

Long-term inflation expectation	2.25%
Long-term expected nominal return	6.64%

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, 2016 (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, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.28)%. 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 is \$4,878,508. The components of the net pension liability were as follows:

Town of Stonington, Connecticut

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Total pension liability	\$ 34,071,356
Plan fiduciary net position	<u>(29,192,848)</u>
Net pension liability	<u>\$ 4,878,508</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>85.68%</u>
Covered-employee payroll	<u>\$ 8,535,124</u>
Net pension liability as a percentage of covered-employee payroll	<u>57.16%</u>

For the year ended June 30, 2016, the Town recognized pension expense of \$1,110,531. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 206,057
Changes in assumptions	-	42,201
Net difference between projected and actual earnings on pension plan investments	<u>2,825,567</u>	<u>-</u>
Total	<u>\$ 2,825,567</u>	<u>\$ 248,258</u>
Net amount of deferred inflows and outflows excluding Town contributions subsequent to measurement date	<u>\$ 2,577,309</u>	

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was also 5 years.

The amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2017	\$ 556,048
2018	804,306
2019	804,308
2020	<u>412,647</u>
Total	<u>\$2,577,309</u>

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

Actuarial assumptions

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

Actuarial valuation method – Fair market value

Valuation date - July 1, 2014

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 – 6.75%

Inflation – 3.0%

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 62.6 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 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

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 (6.75%) was used to discount plan liabilities.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 6.75% 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$8,721,403	\$4,878,508	\$1,606,290

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016Changes in the Net Pension Liability

The Town's net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2015	\$ 32,834,916	\$ 29,490,354	\$ 3,344,562
Service cost	807,690	-	807,690
Interest	2,223,435	-	2,223,435
Change in benefit terms	-	-	-
Differences between expected and actual experience	(365,705)	-	(365,705)
Contributions - employer	-	1,029,505	(1,029,505)
Contributions - member	-	216,143	(216,143)
Net investment income	-	(79,775)	79,775
Benefit payments, including refunds			
of member contributions	(1,428,980)	(1,428,980)	-
Administrative expenses	-	(34,399)	34,399
Net change	1,236,440	(297,506)	1,533,946
Balance at June 30, 2016	\$ 34,071,356	\$ 29,192,848	\$ 4,878,508

3. Pension plans - MERS**a. Plan description**

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees Retirement System (MERS). This designation may be the result of collective bargaining. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has four sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Town of Stonington, Connecticut

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b. Benefit provisions

The plan provides retirement, disability and death benefits.

General Employees

Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service.

Policemen and Firemen

Compulsory retirement age for police and fire members is age 65.

Normal Retirement: For members not covered by social security, the benefit is 2% of average final compensation times years of service.

For members covered by Social Security, the benefit is 1 ½% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.

If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Early Retirement: Employees are eligible after 5 years of continuous service or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement: Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for nonservice-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

c. Contributions

Employer

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

Employees

For employees not covered by social security, each person is required to contribute 5% of compensation.

For employees covered by social security, each person is required to contribute 2 ¼% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

d. Pension liabilities, pension assets, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reported \$1,999,744 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town's proportionate share of the net pension asset was based upon the Town's 2015 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. At June 30, 2015, the Town's proportional share was 2.3765% of one sub plan. There was no change in the proportional share as compared to the prior year.

Subsequent to the measurement date, there were no changes in benefit terms or any expected changes that will have an impact on the measurement of net pension liability.

The Town recognized pension expense of \$391,817. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>
Differences between projected and actual earnings on pension plan investments	\$ 55,123
Town contributions subsequent to measurement date	<u>527,564</u>
Total	<u>\$ 582,687</u>

Town of Stonington, Connecticut

Notes to Financial Statements

June 30, 2016

The amount reported as deferred outflows of resource related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2017. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending <u>June 30,</u>	
2016	\$ 13,781
2017	13,781
2018	13,781
2019	<u>13,780</u>
Total	<u>\$ 55,123</u>

e. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase the CPI up to 6%. The minimum annual COLA is 2.5%, the maximum is 6%.

Town of Stonington, Connecticut

Notes to Financial Statements

June 30, 2016

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	<u>3.0%</u>	0.4%
Total	<u>100.0%</u>	

f. Discount rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

g. Sensitivity of the net pension asset to changes in the discount rate

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

	1% Decrease <u>(7.00%)</u>	Current Discount <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Town's proportional share of the net pension asset	\$ 356,984	\$ 1,999,744	\$4,251,483

h. Plan fiduciary net position

Detailed information about the Connecticut Municipal Employees Retirement System plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2015.

i. Payable to the pension plan

The Town has completed its installment agreement with respect to the plan and therefore there are \$0 of accounts payable to the Connecticut Municipal Employees Retirement System plan outstanding at year end.

4. Pension plans - Connecticut State Teachers' Retirement Plan

a. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (TRS), a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board (TRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

b. Benefit provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary.

c. ContributionsState of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability

Employer (School Districts)

School district employers are not required to make contributions to the plan.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

d. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>45,293,369</u>
Total	<u>\$ 45,293,369</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Town has no proportionate share of the net pension liability.

During the year the Town recognized pension expense and revenue of \$3,629,140 for on-behalf amounts for the benefits provided by the State.

e. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

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

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

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

Town of Stonington, Connecticut

Notes to Financial Statements

June 30, 2016

f. Discount rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Sensitivity of the net pension liability to changes in the discount rate

The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

h. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2015.

D. Other post-employment benefit plan**1. Plan description**

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

2. Benefit provisions and contributions**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 \$349,443.

c. Employee contributions

There are no employee contributions to the plan.

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016

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) Over (Under) Funded AAL	(A/B) Funded AAL Ratio	(C) Covered Payroll	[(A-B)/C] Over (Under) Funded AAL as a Percentage of Covered Payroll
July 1, 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.

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
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment rate of return	7.5%
Healthcare inflation rate:	
Initial	6.8%
Ultimate	4.7%

Town of Stonington, Connecticut

Notes to Financial Statements

June 30, 2016

5. Annual OPEB cost and net OPEB obligation

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	\$ 431,821
Interest on net OPEB obligation	1,266
Adjustment to annual required contribution	<u>(1,109)</u>
Annual OPEB cost	431,978
Contributions made	<u>349,443</u>
Change in net OPEB obligation	82,535
Net OPEB obligation - July 1, 2015	<u>16,883</u>
Net OPEB obligation - June 30, 2016	<u>\$ 99,418</u>

6. Three year trend information

Year Ending June 30	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
2014	\$ 729,679	95.11%	\$ (67,332)
2015	411,286	79.52%	16,883
2016	431,978	80.89%	99,418

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 \$32,000. If the account balance is less than \$32,000, the Town shall make contributions necessary to bring the account balance to \$32,000. Total Town and employee contributions for the year ended June 30, 2016 were \$66,920 and \$54,261, respectively.

Town of Stonington, Connecticut

Notes to Financial Statements
June 30, 2016**F. Prior period adjustment**

The government-wide net position was restated as follows:

Net position as previously reported at June 30, 2015	\$ 110,561,401
To record change to July 1, 2014 (the measurement date) Net Pension Asset – MERS based upon a change in accounting principle to be consistent with the plan audit report and audited net position	<u>3,242,052</u>
Net position as restated as of July 1, 2015	<u>\$ 113,803,453</u>

**Required
Supplementary
Information**

Town of Stonington, Connecticut
Town of Stonington Employees' Pension Plan
Required Supplementary Information
Schedule of Changes in Net Pension Liability
Last Three Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 807,690	\$ 784,165	\$ 761,325
Interest	2,223,435	2,337,106	2,210,832
Change of benefit terms	-	783,451	-
Differences between expected and actual experience	(365,705)	(504,935)	-
Change of assumptions	-	(253,207)	-
Benefit payments, including refunds of member contributions	<u>(1,428,980)</u>	<u>(1,353,367)</u>	<u>(1,270,805)</u>
Net change in total pension liability	1,236,440	1,793,213	1,701,352
Total pension liability - July 1	<u>32,834,916</u>	<u>31,041,703</u>	<u>29,340,351</u>
Total pension liability - June 30 (a)	<u>34,071,356</u>	<u>32,834,916</u>	<u>31,041,703</u>
Plan fiduciary net position:			
Contributions - employer	1,029,505	1,103,588	1,147,449
Contributions - member	216,143	219,235	257,396
Net investment income (loss)	(79,775)	233,513	3,765,012
Benefit payments, including refunds of member contributions	(1,428,980)	(1,353,367)	(1,270,805)
Administration expenses	<u>(34,399)</u>	<u>(32,251)</u>	<u>(47,133)</u>
Net change in plan fiduciary net position	(297,506)	170,718	3,851,919
Plan fiduciary net position - July 1	<u>29,490,354</u>	<u>29,319,636</u>	<u>25,467,717</u>
Plan fiduciary net position - June 30 (b)	<u>29,192,848</u>	<u>29,490,354</u>	<u>29,319,636</u>
Net pension liability (asset) - June 30 (a)-(b)	<u>\$ 4,878,508</u>	<u>\$ 3,344,562</u>	<u>\$ 1,722,067</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut
Town of Stonington Employees' Pension Plan
Required Supplementary Information
Schedule of Net Pension Liability

Last Three Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 34,071,356	\$ 32,834,916	\$ 31,041,703
Plan fiduciary net position	<u>(29,192,848)</u>	<u>(29,490,354)</u>	<u>(29,319,636)</u>
Net pension liability	<u>\$ 4,878,508</u>	<u>\$ 3,344,562</u>	<u>\$ 1,722,067</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>85.68%</u>	<u>89.81%</u>	<u>94.45%</u>
Covered-employee payroll	<u>\$ 8,535,124</u>	<u>\$ 9,007,063</u>	<u>\$ 9,007,063</u>
Net pension liability as a percentage of covered-employee payroll	<u>57.16%</u>	<u>37.13%</u>	<u>19.12%</u>

Schedule of Investment Returns

Last Three Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net investment expense	<u>-0.28%</u>	<u>0.83%</u>	<u>15.07%</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut
Town of Stonington Employees' Pension Plan

Required Supplementary Information

Schedule of Contributions

Last Ten 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
2015	\$ 1,044,301	\$ 1,029,505	\$ (14,796)	\$ 8,535,124	12.1%
2014	1,083,331	1,103,588	20,257	9,007,063	12.3%
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%

Town of Stonington, Connecticut

Town of Stonington Employees' Pension Plan

Notes to Required Supplementary Information
June 30, 2016

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	3.00%
Salary Increases	Graded Schedule based on age ranging from 3.0% to 6.50%
Investment Rate of Return	6.75%, 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

Last Six Years

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
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%)
2014	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not available

Schedule of Employer Contributions
Last Eight Years

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%
2015	412,037	327,071	79.4%
2016	431,821	349,443	80.9%

Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

Town of Stonington Other Post-Employment Benefit Plan

Notes to Required Supplementary Information

June 30, 2016

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
State Teachers' Retirement System
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Last Two Years

	2016	2015
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with Town	<u>45,293,369</u>	<u>41,864,643</u>
Total	<u>\$ 45,293,369</u>	<u>\$ 41,864,643</u>
Town's covered-employee payroll	(2) <u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>0.00%</u>

Schedule of Contributions

Last Two Years

	2016	2015
Contractually required contribution (1)	(1) \$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	(2) <u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net pension liability

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

State Teachers' Retirement System

Notes to Required Supplementary Information
June 30, 2016

Changes of benefit terms	None
Changes of assumptions	In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted more closely to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	22.4 years
Asset Valuation Method	4 year smoothed market
Inflation	3.00%
Salary Increases	3.75%-7.00%, average, including inflation
Investment Rate of Return	8.50%, net of pension plan investment expense, including inflation

Town of Stonington, Connecticut

Connecticut Municipal Employees Retirement System

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability (Asset)

Last Two Years

	2016	2015 (as restated)
Town's proportion of the net pension liability	2.3765%	2.4649%
Town's proportionate share of the net pension liability (asset)	\$ (1,999,744)	\$ (2,353,578)
Town's covered-employee payroll	\$ 3,351,915	\$ 3,215,266
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-59.66%	-73.20%
Plan fiduciary net position as a percentage of the total pension liability	92.72%	90.48%

Schedule of Contributions
Last Two Years

	2016	2015
Contractually required contribution	\$ 494,982	\$ 457,302
Contributions in relation to the contractually required contribution	494,982	457,302
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll	\$ 3,351,915	\$ 3,215,266
Contributions as a percentage of covered-employee payroll	14.77%	14.22%

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut
Connecticut Municipal Employees Retirement System

Notes to Required Supplementary Information
June 30, 2016

Changes of benefit terms	None
Changes of assumptions	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.
Actuarial Cost Method	Entry age
Amortization Method	Level dollar, closed
Remaining Amortization Period	25 years
Asset Valuation Method	5 year smoothed market (20% recognition of investment gains and losses)
Inflation	3.25%
Salary Increases	4.25%-11.00%, average, including inflation
Cost-of-living Adjustments	After January 1, 2002; 2.5% Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards
Social Security Wage Base	3.50%
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation

Supplemental Schedules

General Fund

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

Town of Stonington, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property taxes:				
Current levy	\$ 54,811,658	\$ 54,811,658	\$ 55,110,584	\$ 298,926
Prior year taxes	425,000	425,000	606,244	181,244
Motor vehicle supplement	200,000	200,000	344,450	144,450
Interest and lien fees	275,000	275,000	323,517	48,517
Telephone access line	54,000	54,000	64,094	10,094
Total property taxes	55,765,658	55,765,658	56,448,889	683,231
Intergovernmental:				
Intergovernmental revenues - State grants for education:				
Education cost sharing grant	2,079,926	2,079,926	1,927,364	(152,562)
Transportation	26,021	26,021	22,486	(3,535)
Magnet school transportation grant	61,000	61,000	-	(61,000)
Nonpublic services	2,992	2,992	2,755	(237)
Nonpublic health services	10,000	10,000	8,940	(1,060)
Total intergovernmental revenues - State grants for education	2,179,939	2,179,939	1,961,545	(218,394)
State grants for reimbursement on revenue loss:				
Reimbursement disabled	1,982	1,982	1,713	(269)
Veterans' exemption	17,834	17,834	16,546	(1,288)
Tax relief for elderly	129,155	129,155	122,437	(6,718)
PILOT state owned property	20,550	20,550	-	(20,550)
Municipal revenue sharing	100,332	100,332	100,332	-
FEMA reimbursement	-	-	81,128	81,128
Mashantucket Pequot grant	40,733	40,733	35,302	(5,431)
Total state grants for reimbursement on revenue loss	310,586	310,586	357,458	46,872
State grants for other purposes:				
Parking ticket surcharge	11,000	11,000	13,578	2,578
Youth services	19,275	19,275	18,804	(471)
Civil preparedness	-	-	9,257	9,257
Total state grants for other purposes	30,275	30,275	41,639	11,364
Total intergovernmental	2,520,800	2,520,800	2,360,642	(160,158)
Charges for services:				
Solid waste disposal fees	1,450,000	1,450,000	1,477,030	27,030
SCRRA transportation	90,000	90,000	89,453	(547)
Landfill recycling	45,000	45,000	33,692	(11,308)
Tipping fees	120,000	120,000	139,177	19,177
Building rental/miscellaneous	500	500	1,200	700
Tuition other Town	24,000	24,000	14,897	(9,103)
Miscellaneous revenue	10,000	10,000	375,679	365,679
Accident reports	1,000	1,000	1,797	797
Data processing revenue	23,000	23,000	26,640	3,640
In lieu of taxes housing authority	11,000	11,000	5,917	(5,083)
Mystic upgrade d/s offset	17,000	17,000	17,058	58
GIS revenues	800	800	702	(98)
Utility billing revenue offset	12,000	12,000	12,000	-
Vehicle use outside jobs	47,500	47,500	76,394	28,894
Admin / miscellaneous fees	11,500	11,500	14,196	2,696
Total charges for services	1,863,300	1,863,300	2,285,832	422,532

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Licenses and permits:				
Building permits	\$ 175,000	\$ 175,000	\$ 454,001	\$ 279,001
Business licenses	15,000	15,000	16,375	1,375
Conveyance taxes	260,000	260,000	409,954	149,954
Town clerk's fees	160,000	160,000	175,441	15,441
Miscellaneous permit	3,000	3,000	4,900	1,900
Alarm registration	6,500	6,500	6,075	(425)
Wetlands permits	2,500	2,500	1,500	(1,000)
P & Z and zoning board fees	60,000	60,000	66,091	6,091
Total licenses and permits	682,000	682,000	1,134,337	452,337
Fines and forfeits:				
Parking fines	4,000	4,000	4,150	150
Alarm penalties	3,000	3,000	2,900	(100)
Total fines and forfeits	7,000	7,000	7,050	50
Grand total charges for services	2,552,300	2,552,300	3,427,219	874,919
Revenues from use of Town money and property:				
Interest income	57,000	57,000	61,580	4,580
Rental	54,800	54,800	53,308	(1,492)
Loan repayment SNEFLA	12,500	12,500	12,500	-
Total revenues from use of Town money and property	124,300	124,300	127,388	3,088
Total revenues	60,963,058	60,963,058	62,364,138	1,401,080
Other financing sources:				
Appropriation of fund balance	202,400	757,151	-	(757,151)
Cancellation of prior year encumbrances	8,000	8,000	17,919	9,919
Transfers in - sewer assessment fund	45,000	45,000	45,000	-
Total other financing sources	255,400	810,151	62,919	(747,232)
Total - revenues and other financing sources	\$ 61,218,458	\$ 61,773,209	\$ 62,427,057	\$ 653,848

(Concluded)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Department of First Selectman				
Office of Selectman:				
First selectman	\$ 97,150	\$ 91,694	\$ 91,694	\$ -
Second selectman	6,316	11,940	11,940	-
Third selectman	6,316	11,940	11,940	-
Town attorney	50,000	50,000	50,000	-
Director of economic deveopment	35,000	19,208	-	19,208
Grant writer	15,000	15,000	-	15,000
Examination of indices	2,500	2,500	2,500	-
Mosquito abatement	30,000	30,000	31,473	(1,473)
Legal services and courts	40,000	40,000	43,692	(3,692)
Professional associations and publications	1,000	1,000	-	1,000
Town wide	20,000	20,000	20,446	(446)
Furniture and equipment	-	14,000	14,000	-
Economic development commission	2,000	2,000	1,615	385
Total Office of Selectman	<u>305,282</u>	<u>309,282</u>	<u>279,300</u>	<u>29,982</u>
Programs and agencies:				
S.E.A.T.	5,256	5,256	5,256	-
Secter	6,166	6,166	6,166	-
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	1,000	1,000	-	1,000
Probate court	6,301	6,301	6,301	-
Total programs and agencies	<u>55,689</u>	<u>55,689</u>	<u>54,578</u>	<u>1,111</u>
Waterfront commission:				
Clerical services	900	989	1,000	(11)
Postage	75	75	75	-
Consumable supplies	25	25	14	11
Miscellaneous	75	75	75	-
Total waterfront commission	<u>1,075</u>	<u>1,164</u>	<u>1,164</u>	<u>-</u>
Pawcatuck River Harbor management:				
Clerical services	990	990	-	990
Postage	100	100	-	100
Advertising	100	100	-	100
Consumable supplies	100	100	-	100
Reproduction and printing	100	100	-	100
Miscellaneous	100	100	-	100
Total Pawcatuck River Harbor management	<u>1,490</u>	<u>1,490</u>	<u>-</u>	<u>1,490</u>
Shellfish commission:				
Expenses	50	50	-	50
Economic development commission:				
Postage	200	200	-	200
Advertising	920	920	36	884
Consumable supplies	150	150	557	(407)
Travel	500	500	64	436
Professional association and publication	1,000	1,000	385	615
Total economic development commission	<u>2,770</u>	<u>2,770</u>	<u>1,042</u>	<u>1,728</u>

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Emergency management:				
Emergency management director	\$ 12,550	\$ 12,550	\$ 12,550	\$ -
Clerical salaries	1,818	1,818	1,913	(95)
Consumable supplies	250	250	-	250
Equipment	4,500	4,500	1,399	3,101
Development of emergency plan	1	1	-	1
Miscellaneous	100	100	-	100
Furniture and equipment	750	750	-	750
Generator maintenance	1	1	-	1
Water testing	400	400	-	400
Communications	1	1	-	1
Mass notification system	5,000	5,000	4,860	140
Total emergency management	25,371	25,371	20,722	4,649
Elections:				
Referenda/election personnel	60,000	60,000	39,215	20,785
Registrars' salaries	34,533	34,533	36,354	(1,821)
Postage	5,000	5,000	5,261	(261)
Advertising	1,000	1,000	965	35
Consumable supplies	1,500	1,500	398	1,102
Telephone	4,000	4,000	2,811	1,189
Equipment	2,000	2,000	177	1,823
Reproduction and printing	500	500	192	308
Professional associations and publications	500	500	290	210
Voting canvas	1,000	1,000	153	847
Miscellaneous	1,000	1,000	235	765
Ballot printing / programming	15,000	15,000	10,405	4,595
Furniture and equipment	1,000	1,000	-	1,000
Training and education	-	3,200	1,600	1,600
Voting machine	3,000	3,000	2,200	800
Total elections	130,033	133,233	100,256	32,977
Town clerk:				
Salary of Town clerk	70,537	74,258	74,258	-
Clerical salaries	95,077	100,238	100,238	-
Longevity	2,760	2,760	2,760	-
Postage	1,500	1,500	1,000	500
Advertising	2,211	2,211	294	1,917
Consumable supplies	3,000	3,000	3,051	(51)
Telephone	475	475	446	29
Equipment	3,500	3,500	2,744	756
Professional associations and publications	150	150	200	(50)
Training and education	1,000	1,000	860	140
Land records and data processing	42,000	33,118	21,416	11,702
Vital statistics	450	450	250	200
Total Town clerk	222,660	222,660	207,517	15,143
Town meeting and referenda:				
Town meeting personnel	200	200	-	200
Advertising	2,000	3,874	4,074	(200)
Total Town meeting and referenda	2,200	4,074	4,074	-
Payment/other civil divisions:				
Borough of Stonington	172,177	172,177	172,177	-
Total Department of First Selectman	918,797	927,960	840,830	87,130

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Department of administrative services:				
Administration:				
Director of administrative services	\$ 90,000	\$ 94,731	\$ 94,731	\$ -
Administrative support staff	168,080	177,249	177,249	-
Longevity	3,860	3,860	3,860	-
Postage	1,000	1,000	631	369
Advertising	5,166	5,166	10,359	(5,193)
Consumable supplies	1,400	1,400	3,478	(2,078)
Reproduction and printing	700	700	2,224	(1,524)
Telephone	250	250	195	55
Equipment	5,400	5,400	2,376	3,024
Professional associations and publications	3,500	3,500	1,862	1,638
Seminars and programs	700	700	249	451
Database expenses	6,900	6,900	5,287	1,613
Miscellaneous	700	700	228	472
Furniture and equipment	1,500	1,600	2,498	(898)
Training and education	2,250	2,250	590	1,660
Technical and professional services	7,500	22,500	22,400	100
Memorial observances	7,500	7,500	7,116	384
Columbus day observances	5,000	5,000	5,000	-
Total administration	311,406	340,406	340,333	73
Information systems:				
IT manager	84,235	88,679	88,679	-
Technology support specialist	58,320	61,711	61,711	-
Longevity	550	550	550	-
Postage	300	300	180	120
Consumable supplies	1,500	1,500	1,516	(16)
Reproduction and printing	50	50	43	7
Telephone	1,500	1,500	1,310	190
Professional associations and publications	250	250	185	65
Equipment and licensing	30,040	30,040	30,029	11
Internet hosting expense	7,500	7,500	4,991	2,509
Miscellaneous	50	50	50	-
Training and education	3,000	3,000	325	2,675
GIS	31,500	31,500	23,492	8,008
Telecommunications	62,198	54,363	53,404	959
Technical assistance	5,000	5,000	4,681	319
Total information systems	285,993	285,993	271,146	14,847
Human resources:				
Employee training/education	9,000	9,000	8,151	849
Labor negotiations	40,000	40,000	43,712	(3,712)
Labor Counsel	80,000	80,000	83,808	(3,808)
Pension plan	583,600	583,600	588,099	(4,499)
Social security	473,573	473,573	468,122	5,451
Unemployment	30,000	30,000	9,701	20,299
Heart and hypertension	36,385	36,385	37,109	(724)
Employee assistance program	2,750	2,750	1,725	1,025
Employee screening	1,500	1,500	2,260	(760)
Additional manpower	5,000	5,000	4,500	500
Employee travel expense	26,000	26,000	22,106	3,894
Accrued leave payout	20,000	20,000	22,287	(2,287)
Retiree health care	82,349	82,349	66,920	15,429
Health insurance	1,595,505	1,595,505	1,593,417	2,088
Life insurance	21,000	21,000	22,247	(1,247)
Rx eyewear reimbursement	3,000	3,000	737	2,263
Total human resources	3,009,662	3,009,662	2,974,901	34,761

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Health officer, sanitation and EMS:				
Health officer salaries	\$ 25,803	\$ 27,164	\$ 27,164	\$ -
Sanitarian salaries	74,595	78,680	78,680	-
Longevity	600	600	600	-
Expenses	1,575	1,575	1,338	237
Clothing allowance	400	400	400	-
Furniture and equipment	500	500	60	440
Training and education	500	500	464	36
Professional Services	2,000	2,000	1,905	95
Stonington ambulance	32,500	217,500	217,500	-
Mystic river ambulance	32,500	32,500	32,500	-
Westerly ambulance	32,500	32,500	32,500	-
Total health officer, sanitation and EMS	203,473	393,919	393,111	808
Community development:				
Clerical salaries	15,000	15,000	-	15,000
Total department of administrative services	3,825,534	4,044,980	3,979,491	65,489
Finance department:				
Finance office:				
Director of finance	105,000	110,654	110,654	-
Senior accountant	83,606	88,016	88,016	-
Clerical salaries	149,530	158,826	158,826	-
Longevity	4,560	4,560	4,560	-
Postage	2,700	2,700	2,713	(13)
Consumable supplies	3,500	3,500	3,054	446
Reproduction and printing	800	800	812	(12)
Telephone	150	150	154	(4)
Professional associations and publication	1,800	1,800	1,519	281
Payroll services	30,000	30,000	30,602	(602)
Equipment and software support	18,500	18,500	18,605	(105)
Furniture and equipment	100	100	-	100
Training and education	1,000	1,000	200	800
Finance - Dunbar armored truck	4,000	4,000	4,001	(1)
Total finance office	405,246	424,606	423,716	890
Board of Assessment Appeals:				
Expenses	1,450	1,585	1,585	-
Office of the treasurer:				
Salary of treasurer	4,024	4,136	4,236	(100)
Expenses	100	100	-	100
Total office of the treasurer	4,124	4,236	4,236	-
Office of the tax collector:				
Salary of tax collector	70,537	74,258	74,258	-
Clerical salaries	92,145	98,604	98,604	-
Longevity	300	300	300	-
Postage	14,790	14,790	14,787	3
Advertising	1,500	763	763	-
Consumable supplies	1,275	1,275	950	325
Reproduction and printing	6,936	6,824	6,824	-
Telephone	204	93	93	-
Equipment	3,000	7,674	7,674	-
Professional associations and publications	150	150	95	55
Miscellaneous	100	100	145	(45)
Equipment and software support	7,000	7,000	6,800	200
Training and education	612	612	1,093	(481)
DMV delinquent reporting	4,947	-	-	-
Total office of the tax collector	203,496	212,443	212,386	57

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Board of Finance:				
Clerical salaries	\$ 3,200	\$ 3,200	\$ 2,750	\$ 450
Postage	100	100	-	100
Advertising	270	270	587	(317)
Consumable supplies	200	200	129	71
Professional services	2,000	12,000	10,000	2,000
Legal support	95,000	95,000	27,723	67,277
Accounting and auditing	57,000	57,000	57,000	-
Special audit	5,000	5,000	-	5,000
GASB 45	90,000	90,000	90,000	-
Total Board of Finance	252,770	262,770	188,189	74,581
Risk management:				
Risk management stipend	6,000	6,323	6,323	-
Property and liability insurance	651,000	651,000	650,970	30
Claims and damages	10,000	10,000	10,009	(9)
Dog damages	1	1	-	1
Safety program	2,200	40,708	39,321	1,387
Total risk management	669,201	708,032	706,623	1,409
Assessor's office:				
Salary of assessor	88,005	92,649	92,649	-
Assistant assessor	67,510	70,960	70,960	-
Clerical salaries	92,449	97,396	97,396	-
Longevity	3,730	3,730	3,730	-
Postage	2,300	2,300	2,300	-
Consumable supplies	2,500	2,500	1,282	1,218
Reproduction and printing	1,700	1,700	1,342	358
Telephone	250	250	81	169
Equipment	1,400	1,400	1,490	(90)
Professional associations and publications	2,680	2,680	3,114	(434)
Database expenses	14,950	14,950	14,375	575
Miscellaneous	1,400	1,400	1,305	95
Clothing allowance	400	400	400	-
Furniture and equipment	1	1	-	1
Training and education	2,010	2,010	1,954	56
Special audit personal property	3,200	3,200	3,200	-
Total assessor's office	284,485	297,526	295,578	1,948
Total finance department	1,820,772	1,911,198	1,832,313	78,885
Debt service:				
Debt service interest:				
Series 1998 clean water (mys)	3,007	3,007	3,006	1
Series 2000 clean water (mys)	3,120	3,120	3,120	-
Series 2003 G.O. bonds (high sch)	-	-	-	-
Series 2004 G.O. bonds (high sch)	-	-	-	-
Series 2005 G.O. bonds (hi sch ren)	-	-	-	-
Series 2007 G.O. bonds	3,610	3,610	3,609	1
Series 2009 refunding	124,125	124,125	124,125	-
Series 2012 refunding	537,282	537,282	537,281	1
Series 2012 G.O. bonds (wpca)	352,500	352,500	352,500	-
Series 2013 G.O. bonds	135,088	135,088	135,088	-
Series 2014 G.O. bonds	248,275	248,275	248,275	-
Total debt service interest	1,407,007	1,407,007	1,407,004	3

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Debt service principal:				
Series 1998 clean water (mys)	\$ 75,155	\$ 75,155	\$ 75,154	\$ 1
Series 2000 clean water (mys)	77,227	77,227	77,226	1
Series 2007 G.O. bonds	175,000	175,000	175,000	-
Series 2009 refunding	700,000	700,000	700,000	-
Series 2012 refunding	1,465,000	1,465,000	1,465,000	-
Series 2012 G.O. bonds (wpc)	600,000	600,000	600,000	-
Series 2013 G.O. bonds	215,000	215,000	215,000	-
Series 2014 G.O. bonds	415,000	415,000	415,000	-
Bonding costs	6,000	6,000	-	6,000
Total debt service principal	3,728,382	3,728,382	3,722,380	6,002
Total debt service	5,135,389	5,135,389	5,129,384	6,005
Department of planning:				
Planning office:				
Director of planning	90,000	59,000	55,385	3,615
Planner	78,380	82,516	82,516	-
Zoning enforcement officer	29,697	31,258	31,258	-
Inland wetland enforcement officer	29,697	31,258	31,258	-
Clerical salaries	95,077	95,077	90,022	5,055
Clerical meeting	5,500	5,500	4,300	1,200
Longevity	2,880	2,880	2,880	-
Consumable supplies	2,500	2,500	903	1,597
Reproduction and printing	5,000	5,000	1,216	3,784
Telephone	500	500	73	427
Equipment	3,000	3,000	3,480	(480)
Professional associations and publications	800	800	1,618	(818)
Clothing allowance	200	200	400	(200)
Furniture and equipment	1,000	1,000	-	1,000
Training and education	1,500	1,500	284	1,216
Professional services	25,000	17,742	3,503	14,239
Total planning office	370,731	339,731	309,096	30,635
Planning and zoning commission:				
Postage	7,500	7,500	40	7,460
Advertising and court steno	15,000	15,000	10,935	4,065
Total planning and zoning commission	22,500	22,500	10,975	11,525
Zoning board of appeals:				
Postage	1,450	1,450	-	1,450
Advertising	7,500	7,500	4,169	3,331
Total zoning board of appeals	8,950	8,950	4,169	4,781
Conservation commission:				
Professional associations and publication	600	600	600	-
Barn island field trips	3,500	3,500	3,500	-
Total conservation commission	4,100	4,100	4,100	-
Inland wetlands commission:				
Postage	900	900	-	900
Advertising	2,400	2,400	1,081	1,319
Total inland wetlands commission	3,300	3,300	1,081	2,219

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Climate change task force:				
Clerical meetings	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Seminars and programs (training and education)	500	500	90	410
Total climate change task force	1,500	1,500	90	1,410
Total department of planning	411,081	380,081	329,511	50,570
Department of public works:				
Highway department:				
Public works director	94,372	99,351	99,351	-
Labor salaries	1,122,068	1,102,068	1,099,562	2,506
Highway supervisor	80,699	80,699	57,889	22,810
Clerical salaries	23,770	25,062	25,062	-
Longevity	23,790	23,790	23,130	660
Postage	750	750	608	142
Consumable supplies	2,325	2,325	2,811	(486)
Telephone	500	500	526	(26)
Hardware	15,000	15,000	11,406	3,594
Miscellaneous	1,350	1,350	1,403	(53)
Clothing allowance	9,800	9,800	8,958	842
Training and education	3,500	3,500	3,395	105
Safety and protective	14,000	14,000	13,733	267
Land damage	1,600	1,600	1,381	219
Sidewalk repairs	65,000	65,000	61,679	3,321
Street signs	8,500	8,500	6,739	1,761
Tree trimming	20,000	20,000	20,000	-
Tree removal	21,000	21,000	16,502	4,498
Highway equipment	12,250	12,250	12,118	132
Road maintenance	10,000	10,000	1,933	8,067
Material disposal	25,000	25,000	44,575	(19,575)
Cemetery upkeep	1,000	1,000	500	500
Catch basin cleaning	24,000	24,000	24,000	-
Garage diagnostic equipment and tools	3,000	3,000	2,912	88
Leaf program	5,000	5,000	2,721	2,279
Unleaded gasoline	14,000	14,000	14,631	(631)
Diesel fuel	65,000	58,728	50,906	7,822
Oil and lubrication	5,500	5,500	3,292	2,208
Repairs and maintenance (gas system)	4,000	4,000	7,910	(3,910)
Repairs and maintenance	125,000	145,000	140,718	4,282
Miscellaneous materials	1,250	1,250	1,070	180
Bituminous concrete	30,000	30,000	32,557	(2,557)
Drainage materials	12,000	12,000	11,153	847
Sand and gravel	25,600	25,600	21,098	4,502
Lumber	7,500	7,500	7,063	437
Pavement treatments	195,000	195,000	195,759	(759)
Annual fertilization program	40,000	40,000	24,471	15,529
Seasonal help	31,000	31,000	19,429	11,571
Materials, equipment, maintenance	21,000	21,000	35,411	(14,411)
Field work	15,000	15,000	16,182	(1,182)
Snow removal labor	120,000	105,000	78,031	26,969
Materials	131,000	131,000	157,841	(26,841)
Meal allowance	4,900	4,900	2,120	2,780
Total highway department	2,436,024	2,421,023	2,362,536	58,487

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Sanitation and waste removal:				
Salary of recycling/solid waste manager	\$ 82,726	\$ 87,090	\$ 87,090	\$ -
General labor	353,567	358,533	358,533	-
Clerical salaries	47,539	51,234	51,234	-
Longevity	6,090	6,090	6,090	-
Postage	3,000	3,000	3,000	-
Advertising	300	300	-	300
Consumable supplies	1,000	1,000	1,405	(405)
Reproduction and printing	1,000	1,000	65	935
Equipment	100	100	-	100
Professional associations and publications	100	100	90	10
Clothing allowance	3,100	3,100	3,100	-
Training and education	1	1	-	1
Unleaded gasoline	5,500	5,500	4,031	1,469
Diesel fuel	11,000	11,000	6,645	4,355
Road maintenance	2,000	2,000	2,008	(8)
Utilities	6,500	6,500	5,500	1,000
General operations	51,000	76,000	61,766	14,234
Parts and labor	30,000	30,000	18,087	11,913
Grading and seeding	500	500	-	500
Water testing and monitoring	24,000	24,000	23,400	600
Cap maintenance	5,000	5,000	1,947	3,053
Disposal fees (SCRRA)	730,000	730,000	734,749	(4,749)
Residential collection (SCRRA)	490,000	385,306	385,307	(1)
Commission coll and rentals (SCRRA)	525,000	508,750	508,751	(1)
SCRRA consulting	1	1	-	1
SCRRA contribution	1	1	-	1
Diesel fuel (SCRRA)	17,000	15,291	10,982	4,309
Repairs and maintenance (SCRRA)	7,500	7,500	13,791	(6,291)
SCRRA receptacle costs	100,000	100,000	87,999	12,001
Furniture and equipment	1	1	-	1
Total sanitation and waste removal	2,503,526	2,418,898	2,375,570	43,328
Engineering services:				
Town engineer	80,024	84,245	84,245	-
Flood plain manager	1	2,001	1,954	47
Phase II storm water	1,000	1,000	188	812
Community rating system	3,500	3,500	3,500	-
Expenses	2,500	2,500	965	1,535
Clothing allowance	400	400	400	-
Prof service engineering review	9,000	4,779	1,952	2,827
Total engineering services	96,425	98,425	93,204	5,221
Operation and maintenance Town building/property:				
Janitorial/maintenance salary	56,787	57,624	57,624	-
Longevity	450	450	450	-
Miscellaneous	2,000	1,163	223	940
Heating oil	54,100	54,100	38,074	16,026
Electricity	143,950	143,950	123,897	20,053
Water	6,000	6,000	5,521	479
Sewer use	2,370	2,370	1,630	740
General maintenance	144,750	144,750	142,525	2,225
Street lighting	242,000	242,000	246,155	(4,155)
Total operation and maintenance Town building/property	652,407	652,407	616,099	36,308

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Building official:				
Building official	\$ 84,089	\$ 91,217	\$ 91,217	\$ -
Assistant building official	61,389	63,879	63,879	-
Clerical salaries	47,539	51,175	51,175	-
Longevity	2,400	2,400	2,400	-
Postage	500	500	500	-
Consumable supplies	700	559	559	-
Reproduction and printing	1,000	470	470	-
Telephone	300	79	79	-
Equipment	4,000	3,564	3,564	-
Professional associations and publications	2,000	1,698	1,698	-
Clothing allowance	400	400	400	-
Training and education	500	-	-	-
Furniture and equipment	1	-	-	-
Technical assistance	2,000	-	-	-
Total building official	206,818	215,941	215,941	-
Water Pollution Control Authority:				
Clerical salaries	71,308	75,253	75,253	-
Longevity	2,760	2,910	2,910	-
Postage	6,000	6,000	5,800	200
Advertising	500	500	500	-
Consumable supplies	2,000	2,000	1,835	165
Reproduction and printing	1,000	1,000	903	97
Telephone	100	100	40	60
Equipment	5,000	5,000	5,234	(234)
Total Water Pollution Control Authority	88,668	92,763	92,475	288
Total department of public works	5,983,868	5,899,457	5,755,825	143,632
Public safety:				
Police services:				
Salary of chief	109,736	115,528	115,528	-
Salary of captain	101,976	107,357	107,357	-
Salary of lieutenants	178,473	187,923	187,923	-
Salary of sergeants	484,203	509,844	509,844	-
Salary of regular officers	1,888,168	1,890,977	1,890,977	-
Janitorial/maintenance salary	75,747	76,858	76,858	-
Boating safety personnel	14,000	14,000	13,890	110
Training personnel services	82,000	88,999	88,999	-
Communications specialist	378,347	378,347	367,717	10,630
Communications specialist - overtime	21,000	21,000	15,557	5,443
Communications specialist - uniforms	3,600	3,600	3,150	450
Community service officers	26,000	26,000	20,003	5,997
Special officers	20,000	20,000	19,228	772
Police commission clerical	2,000	2,000	2,000	-
School crossing guards	45,056	45,056	41,860	3,196
Animal control salaries	58,277	58,277	61,924	(3,647)
School safety personnel	15,000	15,000	13,065	1,935
Clerical salaries	127,916	134,689	134,689	-
Regular overtime	150,471	150,471	161,885	(11,414)
Longevity	40,550	40,550	38,150	2,400
Paid holidays	154,345	133,575	133,575	-
Postage	1,700	1,700	1,639	61
Advertising	1,500	1,500	639	861
Consumable supplies	15,000	15,000	14,048	952
Reproduction and printing	5,000	5,000	4,490	510
Equipment	12,000	12,000	8,732	3,268
Professional associations and publications	1,500	1,500	1,122	378
Miscellaneous	7,000	7,000	7,781	(781)
Canine program	5,000	5,000	2,699	2,301
Furniture and equipment	3,000	3,000	940	2,060
Telecommunications	97,000	97,000	94,563	2,437

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Retirement fund	\$ 517,919	\$ 477,703	\$ 477,703	\$ -
Physicals	7,000	7,000	6,484	516
Educational incentive	3,000	3,000	-	3,000
Regular officers - uniforms	26,250	26,250	22,661	3,589
Special officers - uniforms	1,000	1,000	850	150
Outfitting new officers	6,000	6,000	10,598	(4,598)
Service officer's equipment	1,500	1,500	843	657
Boating safety expenses	13,000	13,000	7,936	5,064
Building maintenance	24,000	24,000	26,503	(2,503)
Maintenance/operations/radios	6,500	6,500	1,979	4,521
Traffic signs and signals	44,000	44,000	39,945	4,055
Law enforcement council	12,433	12,433	12,433	-
Drug program	5,500	5,500	5,092	408
Postage	180	180	180	-
Advertising	370	370	-	370
Consumable supplies	300	300	127	173
Miscellaneous	750	750	787	(37)
Consumable supplies	6,500	6,500	6,566	(66)
Miscellaneous	1,000	1,000	771	229
Training	18,000	18,000	17,992	8
Telephone	600	600	504	96
Clothing allowance	1,000	1,000	791	209
Professional services	3,500	530	506	24
Building maintenance	2,500	2,500	1,111	1,389
Equipment (emergency vehicles)	6,000	6,000	5,185	815
Unleaded gasoline	81,500	81,500	82,289	(789)
Oil and lubrication	3,000	3,000	3,000	-
Parts and labor	39,000	39,000	40,042	(1,042)
Tires	6,500	6,500	6,407	93
Total public safety	4,964,367	4,964,367	4,920,117	44,250
Department of human services:				
Office of human services:				
Social services administrator	66,091	69,577	69,577	-
Youth and family services administrator	72,222	88,492	88,492	-
Human services program coordinator	42,534	36,084	36,084	-
Youth services program coordinator	16,900	16,900	16,826	74
Counseling services	36,000	33,931	33,931	-
Clerical salaries	72,509	75,219	75,219	-
Longevity	2,570	2,570	2,570	-
Postage	1,500	1,500	1,077	423
Consumable supplies	1,500	1,500	1,497	3
Telephone	3,000	2,348	2,192	156
Equipment	3,700	3,700	3,284	416
Reproduction and printing	3,750	3,750	5,139	(1,389)
Professional associations and publications	1,100	1,100	1,102	(2)
Youth and family services program	7,800	7,800	7,800	-
General assistance	30,000	29,650	29,650	-
Furniture and equipment	1,700	1,700	1,381	319
Training and education	1,000	1,000	990	10
Total office of human services	363,876	376,821	376,811	10
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	2,165	35
Total commission on aging	4,800	4,800	4,765	35

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Recreation:				
Salary of director	\$ 54,856	\$ 57,634	\$ 57,634	\$ -
Officials and instructors	21,159	21,159	21,127	32
Consumable supplies	3,050	3,050	3,050	-
Telephone	200	200	-	200
Program expense	5,000	5,000	5,515	(515)
Equipment and trophies	3,200	3,200	2,586	614
Parts and labor	4,500	2,904	2,425	479
Utilities	3,000	3,000	3,810	(810)
Professional association / training	400	400	400	-
Total recreation	95,365	96,547	96,547	-
Housing Authority:				
Clerical salaries	700	700	-	700
Libraries:				
Westerly public library	91,500	91,500	91,500	-
Stonington free library	140,000	140,000	140,000	-
Mystic and Noank library	85,000	85,000	85,000	-
Stonington historical society	3,000	3,000	3,000	-
Total libraries	319,500	319,500	319,500	-
Outside agencies:				
Public health and nursing	27,000	27,000	27,000	-
Pawcatuck neighborhood center	172,500	172,500	172,500	-
Como senior citizens center	42,000	42,000	42,000	-
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	1	8,001	8,001	-
Community vocational services	2,000	2,000	2,000	-
T.V.C.C.A.	1,000	1,000	1,000	-
Stonington prevention council	500	500	500	-
Safe futures, inc.	2,000	2,000	2,000	-
New London homeless hospitality	1,500	1,500	1,500	-
Total outside agencies	258,501	266,501	266,501	-
Total department of human services	1,042,742	1,064,869	1,064,124	745
Board of Education:				
Education expenditures	35,355,347	35,295,347	35,283,536	11,811
Total expenditures	59,457,897	59,623,648	59,135,131	488,517
Other financing uses:				
Transfers out:				
Capital nonrecurring	1,460,561	1,789,561	1,789,561	-
Sewer usage fund	300,000	300,000	300,000	-
Miscellaneous fund	-	60,000	60,000	-
Total other financing uses	1,760,561	2,149,561	2,149,561	-
Total expenditures and other financing uses	\$ 61,218,458	\$ 61,773,209	\$ 61,284,692	\$ 488,517

(Concluded)

Town of Stonington, Connecticut

Report of Tax Collector
Year Ended June 30, 2016

06

Grand List Year	Uncollected Taxes July 1, 2015	Current Levy	Lawful Corrections		Transfers to Suspense and Other Adjustments	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2016
			Additions	Deductions			Taxes	Interest and Liens	Total	
Suspense	\$ -	\$ -	\$ -	\$ -	\$ 478	\$ 478	\$ 478	\$ 115	\$ 593	\$ -
2000	-	-	-	-	-	-	-	-	-	-
2003	32	-	-	-	-	32	-	507	507	32
2004	134	-	-	-	-	134	33	385	418	101
2005	1,158	-	-	-	(695)	463	359	612	971	104
2006	1,916	-	-	-	(1,000)	916	807	1,848	2,655	109
2007	7,195	-	-	-	(6,779)	416	280	381	661	136
2008	5,793	-	-	-	(4,244)	1,549	714	939	1,653	835
2009	10,344	-	-	1,755	(5,377)	3,212	125	175	300	3,087
2010	11,788	-	-	1,860	(5,903)	4,025	772	738	1,510	3,253
2011	15,847	-	191	2,110	(3,459)	10,469	6,099	2,514	8,613	4,370
2012	80,596	-	17,395	4,224	(7,389)	86,378	73,875	20,669	94,544	12,503
2013	<u>589,308</u>	-	<u>19,169</u>	<u>23,457</u>	<u>(24,242)</u>	<u>560,778</u>	<u>522,703</u>	<u>98,492</u>	<u>621,195</u>	<u>38,075</u>
Total Prior Years	724,111	-	36,755	33,406	(58,610)	668,850	606,245	127,375	733,620	62,605
2014	<u>-</u>	<u>56,110,818</u>	<u>55,153</u>	<u>99,923</u>	<u>(26,500)</u>	<u>56,039,548</u>	<u>55,329,813</u>	<u>196,142</u>	<u>55,525,955</u>	<u>709,735</u>
Totals	<u>\$ 724,111</u>	<u>\$ 56,110,818</u>	<u>\$ 91,908</u>	<u>\$ 133,329</u>	<u>\$ (85,110)</u>	<u>\$ 56,708,398</u>	<u>\$ 55,936,058</u>	<u>\$ 323,517</u>	<u>\$ 56,259,575</u>	<u>\$ 772,340</u>

Nonmajor Governmental Funds

Special Revenue Funds

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

Capital Project Funds

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

Town of Stonington, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	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	\$ 137,233	\$ 29,680	\$ -	\$ 16,613	\$ 157,007	\$ 242,641
Receivables:						
Assessments/use charges	2,035	-	-	-	-	-
Other	-	-	-	-	-	1,470
Due from other funds	-	-	617,895	9,297	-	6,171
Total assets	<u>\$ 139,268</u>	<u>\$ 29,680</u>	<u>\$ 617,895</u>	<u>\$ 25,910</u>	<u>\$ 157,007</u>	<u>\$ 250,282</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ 24,259	\$ 11,107	\$ -	\$ 10,637
Due to other funds	-	2,195	-	-	-	22,796
Total liabilities	<u>-</u>	<u>2,195</u>	<u>24,259</u>	<u>11,107</u>	<u>-</u>	<u>33,433</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue-sewer charges and assessments	2,035	-	-	-	-	-
Total deferred inflows of resources	<u>2,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>						
Restricted	137,233	-	593,636	-	-	-
Committed	-	27,485	-	-	157,007	-
Assigned	-	-	-	14,803	-	216,849
Total fund balances	<u>137,233</u>	<u>27,485</u>	<u>593,636</u>	<u>14,803</u>	<u>157,007</u>	<u>216,849</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 139,268</u>	<u>\$ 29,680</u>	<u>\$ 617,895</u>	<u>\$ 25,910</u>	<u>\$ 157,007</u>	<u>\$ 250,282</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds				
	Community Development Block Grant	Recreation Commission Fund	Sewer Infiltration Fund	Sewer Development and Mainte- nance Fund	State Assets Forfeiture Program
<u>Assets</u>					
Cash	\$ 2,309	\$ 185,377	\$ 31,136	\$ 887,187	\$ 5,122
Receivables:					
Loans	224,200	-	-	-	-
Intergovernmental	13,875	-	-	-	-
Other	-	1,265	-	-	-
Due from other funds	-	13,660	-	-	-
Total assets	\$ 240,384	\$ 200,302	\$ 31,136	\$ 887,187	\$ 5,122
<u>Liabilities</u>					
Accounts payable	\$ 13,875	\$ 7,621	\$ -	\$ -	\$ -
Due to other funds	63	15,413	-	-	-
Total liabilities	13,938	23,034	-	-	-
<u>Deferred Inflows of Resources</u>					
Unavailable revenue-loans receivable	224,200	-	-	-	-
<u>Fund Balances</u>					
Restricted	2,246	-	-	-	5,122
Committed	-	-	31,136	887,187	-
Assigned	-	177,268	-	-	-
Total fund balances	2,246	177,268	31,136	887,187	5,122
Total liabilities, deferred inflows of resources and fund balances	\$ 240,384	\$ 200,302	\$ 31,136	\$ 887,187	\$ 5,122

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

		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		\$ 11	\$ 136,156	\$ 1,346	\$ 34,940	\$ -	\$ -
Receivables:							
Intergovernmental		-	21,885	-	41,384	10,000	-
Due from other funds		-	-	-	-	93,571	42,345
Total assets		<u>\$ 11</u>	<u>\$ 158,041</u>	<u>\$ 1,346</u>	<u>\$ 76,324</u>	<u>\$ 103,571</u>	<u>\$ 42,345</u>
<u>Liabilities</u>							
Accounts payable		\$ -	\$ 21,032	\$ -	\$ -	\$ -	\$ -
Due to other funds		-	127,128	-	-	-	6,171
Unearned revenue		-	9,881	-	17,466	-	28,092
Total liabilities		<u>-</u>	<u>158,041</u>	<u>-</u>	<u>17,466</u>	<u>-</u>	<u>34,263</u>
<u>Fund Balances</u>							
Restricted		11	-	-	58,858	-	8,082
Assigned		-	-	1,346	-	103,571	-
Total fund balances		<u>11</u>	<u>-</u>	<u>1,346</u>	<u>58,858</u>	<u>103,571</u>	<u>8,082</u>
Total liabilities and fund balances		<u>\$ 11</u>	<u>\$ 158,041</u>	<u>\$ 1,346</u>	<u>\$ 76,324</u>	<u>\$ 103,571</u>	<u>\$ 42,345</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Miscellaneous</u>	<u>Total</u>	<u>Capital Nonrecurring</u>	
<u>Assets</u>				
Cash	\$ 577,140	\$ 2,443,898	\$ 2,750,453	\$ 5,194,351
Receivables:				
Loans	-	224,200	-	224,200
Assessments/use charges	-	2,035	-	2,035
Intergovernmental	-	87,144	125,225	212,369
Other	-	2,735	-	2,735
Due from other funds	13,884	796,823	10,433	807,256
Total assets	\$ 591,024	\$ 3,556,835	\$ 2,886,111	\$ 6,442,946
<u>Liabilities</u>				
Accounts payable	\$ 3,000	\$ 91,531	\$ 19,657	\$ 111,188
Due to other funds	114,293	288,059	99,075	387,134
Unearned revenue	13,088	68,527	-	68,527
Total liabilities	130,381	448,117	118,732	566,849
<u>Deferred Inflows of Resources</u>				
Unavailable revenue-sewer charges and assessments	-	2,035	-	2,035
Unavailable revenue-loans receivable	-	224,200	-	224,200
Total deferred inflows of resources	-	226,235	-	226,235
<u>Fund Balances</u>				
Restricted	-	805,188	-	805,188
Committed	-	1,102,815	2,767,379	3,870,194
Assigned	460,643	974,480	-	974,480
Total fund balances	460,643	2,882,483	2,767,379	5,649,862
Total liabilities, deferred inflows of resources and fund balances	\$ 591,024	\$ 3,556,835	\$ 2,886,111	\$ 6,442,946

(Concluded)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

Special Revenue Funds

	Sewer Assessment Fund	Shellfish Fund	Town Aid Road Fund	Dog License Fund	SNEFLA Reserve Fund	Youth Service Activity Fund
Revenues:						
Intergovernmental	\$ -	\$ -	\$ 396,630	\$ -	\$ -	\$ -
Charges for services	560	11,820	-	7,316	12,500	97,750
Income from investments	-	128	-	-	228	449
Other	-	-	-	395	-	14,730
Total revenues	560	11,948	396,630	7,711	12,728	112,929
Expenditures:						
Current:						
General government	-	-	-	-	-	80,005
Public safety	-	46,381	-	5,200	-	-
Highway department	-	-	83,482	-	-	-
Recreation	-	-	-	-	-	44,872
Education	-	-	-	-	-	185
Total expenditures	-	46,381	83,482	5,200	-	125,062
Excess (deficiency) of revenues over expenditures	560	(34,433)	313,148	2,511	12,728	(12,133)
Other financing sources (uses):						
Transfers out	(45,000)	-	-	-	-	-
Net change in fund balances	(44,440)	(34,433)	313,148	2,511	12,728	(12,133)
Fund balances - July 1, 2015	181,673	61,918	280,488	12,292	144,279	228,982
Fund balances - June 30, 2016	\$ 137,233	\$ 27,485	\$ 593,636	\$ 14,803	\$ 157,007	\$ 216,849

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

	Special Revenue Funds				
	Community Development Block Grant	Recreation Commission Fund	Sewer Infiltration Fund	Sewer Development and Mainte- nance Fund	State Assets Forfeiture Program
Revenues:					
Intergovernmental	\$ 50,769	\$ -	\$ -	\$ -	\$ -
Charges for services	-	137,230	-	150,030	-
Income from investments	4	257	62	1,693	8
Total revenues	50,773	137,487	62	151,723	8
Expenditures:					
Current:					
Recreation	-	132,636	-	-	-
Human services	50,833	-	-	-	-
Capital outlay	-	-	-	2,538	-
Total expenditures	50,833	132,636	-	2,538	-
Excess (deficiency) of revenues over expenditures	(60)	4,851	62	149,185	8
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Net change in fund balances	(60)	4,851	62	149,185	8
Fund balances - July 1, 2015	2,306	172,417	31,074	738,002	5,114
Fund balances - June 30, 2016	\$ 2,246	\$ 177,268	\$ 31,136	\$ 887,187	\$ 5,122

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

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	\$ -	\$ 1,005,436	\$ -	\$ 333,054	\$ 30,732	\$ 24,931
Charges for services	-	-	-	487,560	-	-
Income from investments	-	-	2	-	-	-
Total revenues	-	1,005,436	2	820,614	30,732	24,931
Expenditures:						
Current:						
General government	-	-	-	-	22,443	-
Public safety	-	-	-	-	-	24,676
Education	-	1,005,436	-	868,011	-	-
Total expenditures	-	1,005,436	-	868,011	22,443	24,676
Net change in fund balances	-	-	2	(47,397)	8,289	255
Fund balances - July 1, 2015	11	-	1,344	106,255	95,282	7,827
Fund balances - June 30, 2016	\$ 11	\$ -	\$ 1,346	\$ 58,858	\$ 103,571	\$ 8,082

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

	Special Revenue Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	Miscellaneous	Total	Capital Nonrecurring	
Revenues:				
Intergovernmental	\$ 134,652	\$ 1,976,204	\$ 285,450	\$ 2,261,654
Charges for services	325,827	1,230,593	-	1,230,593
Income from investments	784	3,615	4,045	7,660
Other	4,000	19,125	27,933	47,058
Total revenues	<u>465,263</u>	<u>3,229,537</u>	<u>317,428</u>	<u>3,546,965</u>
Expenditures:				
Current:				
General government	305,850	408,298	-	408,298
Public safety	393,148	469,405	-	469,405
Highway department	-	83,482	-	83,482
Sanitation and waste removal	-	-	-	-
Recreation	-	177,508	-	177,508
Human services	-	50,833	-	50,833
Education	-	1,873,632	-	1,873,632
Capital outlay	-	2,538	1,744,461	1,746,999
Total expenditures	<u>698,998</u>	<u>3,065,696</u>	<u>1,744,461</u>	<u>4,810,157</u>
Excess (deficiency) of revenues over expenditures	<u>(233,735)</u>	<u>163,841</u>	<u>(1,427,033)</u>	<u>(1,263,192)</u>
Other financing sources (uses):				
Transfers in	60,000	60,000	1,789,561	1,849,561
Transfers out	(19,210)	(64,210)	-	(64,210)
Capital leases	-	-	639,284	639,284
Net other financing sources (uses)	<u>40,790</u>	<u>(4,210)</u>	<u>2,428,845</u>	<u>2,424,635</u>
Net change in fund balances	(192,945)	159,631	1,001,812	1,161,443
Fund balances - July 1, 2015	<u>653,588</u>	<u>2,722,852</u>	<u>1,765,567</u>	<u>4,488,419</u>
Fund balances - June 30, 2016	<u>\$ 460,643</u>	<u>\$ 2,882,483</u>	<u>\$ 2,767,379</u>	<u>\$ 5,649,862</u>

(Concluded)

Fiduciary Funds

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

Private-Purpose Trust Funds

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

Agency Funds

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

Town of Stonington, Connecticut

Agency Funds
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Assets</u>				
Cash:				
Student activity	\$ 253,934	\$ 708,409	\$ 686,718	\$ 275,625
Tax sale escrow	91,821	84	-	91,905
Stonington Harbor management	300	-	-	300
BOE flex account	35,846	50,593	53,450	32,989
	<u>381,901</u>	<u>759,086</u>	<u>740,168</u>	<u>400,819</u>
Total cash				
Due from other funds:				
Stonington harbor management	22,531	25,440	23,534	24,437
Mystic harbor management	9,077	21,639	15,115	15,601
	<u>31,608</u>	<u>47,079</u>	<u>38,649</u>	<u>40,038</u>
Total due from other funds				
Total assets	<u>\$ 413,509</u>	<u>\$ 806,165</u>	<u>\$ 778,817</u>	<u>\$ 440,857</u>
<u>Liabilities</u>				
Accounts payable:				
Student activity	\$ 253,934	\$ 708,409	\$ 686,718	\$ 275,625
Tax sale escrow	91,821	84	-	91,905
Stonington harbor management	22,831	25,440	23,534	24,737
Mystic harbor management	9,077	21,639	15,115	15,601
BOE flex account	35,846	50,593	53,450	32,989
	<u>413,509</u>	<u>806,165</u>	<u>778,817</u>	<u>440,857</u>
Total accounts payable	<u>\$ 413,509</u>	<u>\$ 806,165</u>	<u>\$ 778,817</u>	<u>\$ 440,857</u>

Trend Information

Town of Stonington, Connecticut

**Net Position by Component
Last Ten Years
(Unaudited)**

	Fiscal Year									
	2016	2015 (as restated)	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Net investment in capital assets	\$ 90,575,409	\$ 88,407,197	\$ 89,847,001	\$ 92,169,328	\$ 89,588,921	\$ 88,872,739	\$ 86,773,619	\$ 83,778,472	\$ 79,816,672	\$ 76,810,058
Restricted for:										
Public safety	5,133	5,125	5,822	5,146	5,145	6,248	-	-	-	-
Highway department	593,636	280,488	280,488	289,784	161,772	103,222	-	-	-	-
Sanitation and waste removal	888,463	181,673	215,378	203,662	120,534	88,972	-	-	-	-
Human services	10,328	10,133	8,933	18,031	5,934	4,525	-	-	-	-
Education	58,858	106,255	127,699	139,827	141,620	147,265	-	-	-	-
Unrestricted	22,328,420	24,812,582	21,079,550	21,431,285	21,800,934	18,794,839	16,990,964	16,625,138	16,764,899	15,376,694
Total net position	<u>\$114,460,247</u>	<u>\$113,803,453</u>	<u>\$111,564,871</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>

Town of Stonington, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
General government	\$ 8,330,574	\$ 7,453,587	\$ 7,433,041	\$ 6,683,580	\$ 5,853,817	\$ 5,760,338	\$ 8,017,134	\$ 7,022,960	\$ 8,237,984	\$ 4,971,379
Public safety	6,772,583	5,665,553	5,422,414	5,521,224	5,581,519	5,315,579	4,169,223	4,478,444	3,800,209	3,870,184
Highway department	4,287,328	4,218,571	4,400,717	3,664,057	3,511,527	3,643,021	3,083,424	2,537,942	2,777,352	2,122,313
Sanitation and waste removal	5,436,017	5,324,794	5,743,250	5,393,478	5,326,217	5,773,771	5,178,102	5,504,529	6,124,733	5,612,727
Human services	936,054	727,211	725,329	720,024	777,536	803,803	343,692	581,805	672,159	658,744
Library	319,500	304,810	284,810	284,810	269,810	269,810	189,979	450,316	267,159	267,159
Recreation	274,055	185,163	171,977	174,252	297,402	225,268	183,653	153,603	128,473	128,940
Education	42,323,983	42,278,343	40,881,875	38,918,207	37,414,978	36,114,479	36,917,998	35,561,107	33,693,404	33,495,682
Interest expense	1,290,904	1,494,879	1,326,010	1,473,813	888,461	907,607	1,439,712	2,191,807	1,770,955	1,544,780
Total expenses	69,970,998	67,652,911	66,389,423	62,833,445	59,921,267	58,813,676	59,522,917	58,482,513	57,472,428	52,671,908
Program revenues:										
Charges for services:										
General government	1,154,923	729,068	851,715	750,359	711,631	741,220	803,809	597,524	968,032	960,447
Public safety	420,309	49,590	113,262	112,167	77,259	98,889	286,534	184,482	60,581	51,057
Highway department	454,001	277,393	235,360	199,124	244,472	204,970	256,784	429,827	2,517,134	2,371,438
Sanitation and waste removal	3,877,318	3,967,686	3,887,694	4,091,222	3,986,437	4,384,108	2,189,143	4,313,708	2,426,694	1,807,170
Human services	97,750	79,759	96,818	74,649	96,865	78,270	33,825	21,988	5,747	1,035
Library	-	-	-	-	-	-	25,385	5,575	-	-
Recreation	137,230	111,142	127,833	96,406	113,050	103,883	19,328	95,559	124,812	84,924
Education	503,657	526,982	607,743	675,144	601,777	646,736	2,308,078	678,522	710,631	735,093
Operating grants and contributions	6,731,104	6,542,596	8,208,821	7,746,843	7,436,627	6,795,674	7,386,033	7,086,405	7,019,039	6,590,101
Capital grants and contributions	427,362	200,392	403,710	647,508	425,334	1,560,955	1,937,799	1,228,228	148,937	327,083
Total program revenues	13,803,654	12,484,608	14,532,956	14,393,422	13,693,452	14,614,705	15,246,718	14,641,818	13,981,607	12,928,348
Net expenses:										
Governmental activities	(56,167,344)	(55,168,303)	(51,856,467)	(48,440,023)	(46,227,815)	(44,198,971)	(44,276,199)	(43,840,695)	(43,490,821)	(39,743,560)
General revenues:										
Property taxes	56,279,632	53,659,623	51,881,485	50,686,298	49,810,644	48,620,326	47,505,735	47,149,126	46,834,683	44,062,398
Grants and contributions not restricted to specific programs	357,458	294,518	417,790	-	-	-	-	-	-	-
Investment income	138,095	194,228	196,867	171,959	167,948	196,671	222,137	408,849	962,047	1,289,267
Miscellaneous	48,953	16,464	58,151	13,969	56,273	(364,799)	441,549	59,729	100,806	262,618
Total general revenues	56,824,138	54,164,833	52,554,293	50,872,226	50,034,865	48,452,198	48,169,421	47,617,704	47,897,536	45,614,283
Change in net position	\$ 656,794	\$ (1,003,470)	\$ 697,826	\$ 2,432,203	\$ 3,807,050	\$ 4,253,227	\$ 3,893,222	\$ 3,777,009	\$ 4,406,715	\$ 5,870,723

Town of Stonington, Connecticut

Schedule of Debt Limitation
Year Ended June 30, 2016
(Unaudited)

Total tax collections (including interest and lien fees) for current year	\$ 56,259,575
Total tax collections (including interest and lien fees) of city, borough and all other taxing districts within the Town for the current year	3,533,828
Reimbursement for revenue loss on: Tax relief for elderly freeze	<u>2,138</u>
Base for debt limitation computation	<u><u>\$ 59,795,541</u></u>

Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 134,539,967	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	269,079,935	-	-	-
3 3/4 times base	-	-	224,233,279	-	-
3 1/4 times base	-	-	-	194,335,508	-
3 times base	-	-	-	-	179,386,623
Total debt limitation	<u>134,539,967</u>	<u>269,079,935</u>	<u>224,233,279</u>	<u>194,335,508</u>	<u>179,386,623</u>
Indebtedness:					
Bonds payable	8,202,100	14,425,900	15,607,000	-	-
Fire District Debt	<u>1,077,337</u>	-	-	-	-
Net indebtedness (1)	<u>9,279,437</u>	<u>14,425,900</u>	<u>15,607,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u><u>\$ 125,260,530</u></u>	<u><u>\$ 254,654,035</u></u>	<u><u>\$ 208,626,279</u></u>	<u><u>\$ 194,335,508</u></u>	<u><u>\$ 179,386,623</u></u>

Notes:

(1) The total of the above net indebtedness amounts to: \$ 39,312,337

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 418,568,787