

Annual Financial Report
of the
Town of Stonington, Connecticut
For the Year Ended June 30, 2020

Town of Stonington, Connecticut

**Annual Financial Report
For the Year Ended June 30, 2020**

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Introductory Section

Town of Stonington, Connecticut

**Principal Officials
June 30, 2020**

Board of Selectmen

Danielle Chesebrough, First Selectman
June Strunk, Selectwoman
Deborah Downie, Selectwoman

Board of Finance

Timothy O'Brien, Chairman
Glenn Frishman
Michael Fauerbach
Lynn Young
Deborah Norman
Robert Statchen
David L. Motherway, Jr.

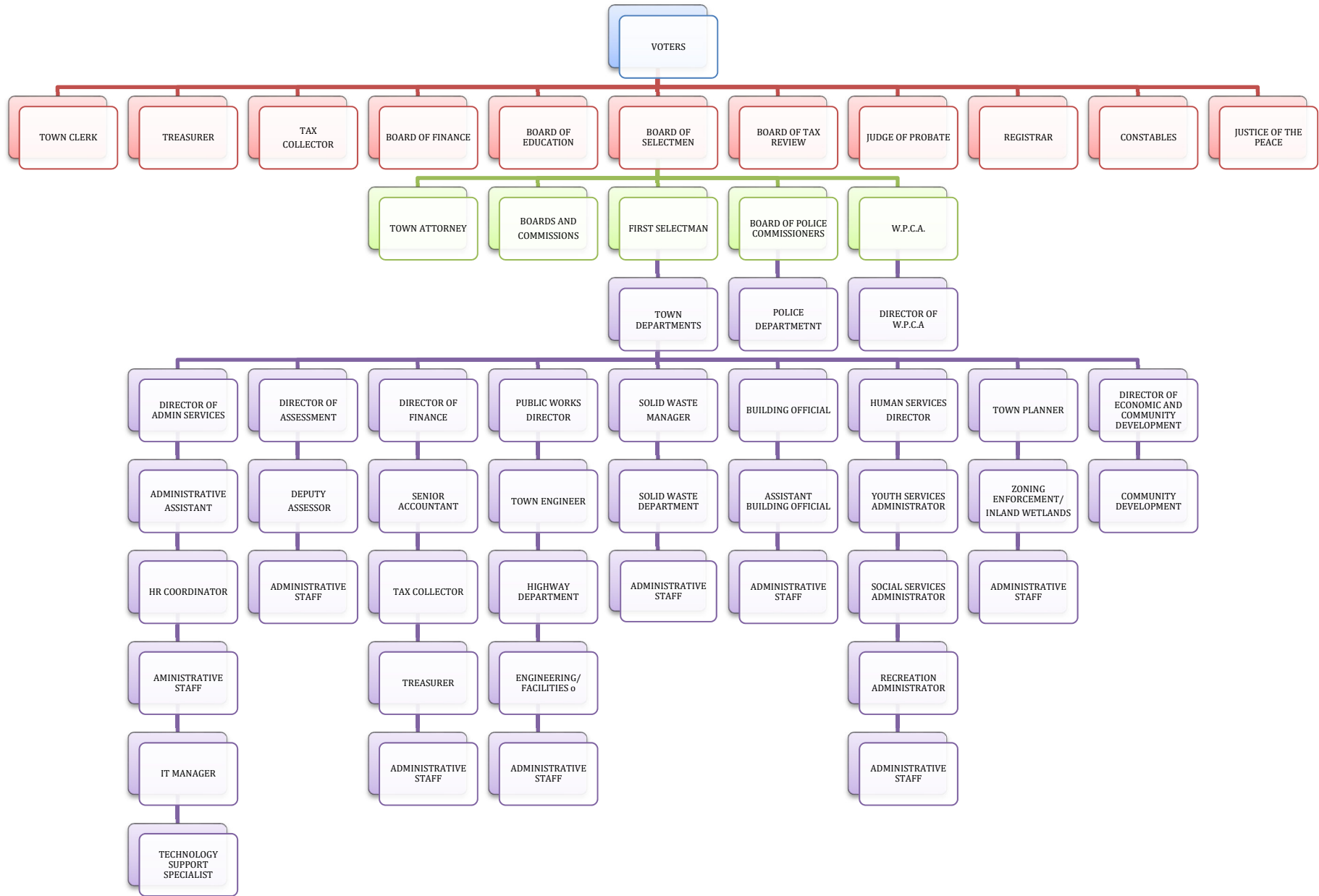
Town Departments

James Sullivan, CPA, Director of Finance
Samuel Grimes, Treasurer
Gary Shettle, Board of Education Director of Finance
Jennifer Lineaweaver, 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
Lawrence Stannard, Building Official
Chris Greenlaw, Town Engineer
Patti Burmahl, Director of Administrative Services
John Phetteplace - Solid Waste Manager
Leanne Theodore, Director of Human Services

Auditors

PKF O'Connor Davies, LLP

TOWN OF STONINGTON ORGANIZATIONAL CHART



Financial Section

Independent Auditors' 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 ("Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Board of Finance
Town of Stonington, Connecticut**

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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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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, budgetary comparisons and the pension plan and other post-employment benefit plan schedules as listed in the table of contents, 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.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The 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.

**Board of Finance
Town of Stonington, Connecticut**

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
March 19, 2021



TOWN OF STONINGTON

152 Elm Street • Stonington, Connecticut 06378

Tel: 860 535-5070

Fax: 860 535-0602

Management's Discussion and Analysis For the Year Ended June 30, 2020

As management of the Town of Stonington, Connecticut ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. 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 \$133,673,008 (net position). Of this amount, \$15,942,479 (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 \$5,222,697. The increase is due to the following:

| | |
|---|--------------|
| ➤ negative operations of the general fund of | \$ (815,740) |
| ➤ negative operations of the sewer usage fund of | (381,889) |
| ➤ positive operations of the pre-K and capital nonrecurring fund of | 203,984 |
| ➤ positive operations of the other governmental funds of | 368,277 |

Conversion to accrual basis on Exhibit E:

| | |
|--|-------------|
| ➤ net principal debt activity of | 5,755,241 |
| ➤ amortization of premium of | 710,591 |
| ➤ change in pension liability of | (2,520,969) |
| ➤ change in OPEB liability of | 454,636 |
| ➤ change in pension and OPEB deferred outflows/inflows of resources of | 619,782 |
| changes in other accrued liabilities of | (757,060) |
| ➤ positive operations of the internal service fund of | 1,585,844 |

- The Town's governmental funds reported combined ending fund balances of \$28,443,002, a decrease of \$625,368 in comparison with the prior year. The change is due to the operating results of each fund noted above and described in further detail in the Financial Analysis of the Town's Funds section.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,414,195, or 20.02% of total general fund budgetary expenditures and transfers.

Government-wide financial statements

- The Town's bonded debt and notes payable decreased by \$6,834,536 due to the issuance of \$6,525,000 of refunding bonds and \$199,750 of equipment financing notes, offset by scheduled principle payments on outstanding long-term debt of \$5,759,286 and \$7,800,000 of debt refunded.
- Net capital assets increased by \$220,257 during the current fiscal year. The increase is attributable to capital asset additions for construction in progress, land and buildings improvements, machinery and equipment, infrastructure and vehicles in excess of disposals and depreciation expense.

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.

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 of resources, liabilities and deferred inflows of resources 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 works, public safety, human services, social 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.

Management Discussion and Analysis

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.

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, PreK-5 School Construction Fund and Capital Nonrecurring Fund 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 other governmental funds is provided in the combining statements on Schedules 5 and 6.

Proprietary funds

The Town maintains two proprietary funds, both of which are internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its self-insured medical benefits. The Town also maintains a self-insurance fund to partially self-insure the Town Dock against a catastrophic event. 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.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- A budgetary comparison schedule for the General Fund to demonstrate compliance with this budget.
- Schedules to demonstrate the Town's progress in funding its obligation to provide pension benefits.
- Schedules to demonstrate the Town's progress in funding its obligation to provide other post-employment benefits.

Other information

Other required schedules, additional budgetary schedules and the combining statements referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information section.

Government-wide financial analysis

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$133,673,008 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (85.98%) 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.

The analysis below focuses on the net position and changes in net position. Unrestricted net position at year-end totaled \$15,942,479. This is an increase of \$4,357,651 from the prior year.

Statements of Net Position June 30

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|-----------------------------|------------------------------|
| Current and other assets | \$ 41,393,020 | \$ 44,618,243 |
| Capital assets (net) | <u>187,578,971</u> | <u>187,358,714</u> |
| Total assets | <u>228,971,991</u> | <u>231,976,957</u> |
| Deferred outflows of resources | <u>5,961,028</u> | <u>6,015,573</u> |
| Other liabilities | 11,477,937 | 16,952,816 |
| Long-term liabilities | <u>86,893,983</u> | <u>90,148,564</u> |
| Total liabilities | <u>98,371,920</u> | <u>107,101,380</u> |
| Deferred inflows of resources | <u>2,888,091</u> | <u>2,440,839</u> |
| Net position: | | |
| Net investment in capital assets | 114,933,273 | 114,079,006 |
| Restricted | 2,797,256 | 2,786,477 |
| Unrestricted | <u>15,942,479</u> | <u>11,584,828</u> |
| Total net position | <u>\$133,673,008</u> | <u>\$ 128,450,311</u> |

A small portion of the Town's net position, 2.09%, represents resources that are subject to external restrictions on how they may be used.

The unrestricted balance is 11.93%, and may be used to meet the Town's ongoing obligations to citizens and creditors.

Net position may serve over time as a useful indicator of a Town's financial position. The Town's net position increased \$5,222,697 as detailed below:

**Statements of Changes in Net Position
For the Years Ended June 30**

| | <u>2020</u> | <u>2019</u> |
|---|-----------------------|-----------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 7,319,171 | \$ 7,640,678 |
| Operating grants and contributions | 9,428,116 | 8,966,367 |
| Capital grants and contributions | 1,307,490 | 5,744,491 |
| General revenues: | | |
| Property taxes | 65,709,951 | 63,416,118 |
| Grants and contributions not restricted to specific programs | 300,052 | 337,430 |
| Income from investments | 543,545 | 765,680 |
| Other | 103,159 | 50,439 |
| Total revenues | <u>84,711,484</u> | <u>86,921,203</u> |
| Expenses: | | |
| General government | 7,174,167 | 6,671,051 |
| Public works | 11,554,946 | 11,885,939 |
| Public safety | 9,002,428 | 13,762,509 |
| Human services | 548,536 | 635,426 |
| Social services | 347,892 | 320,180 |
| Recreation | 348,942 | 426,209 |
| Libraries | 346,500 | 330,500 |
| Education | 47,386,880 | 48,294,352 |
| Interest | 2,778,496 | 2,276,018 |
| Total expenses | <u>79,488,787</u> | <u>84,602,184</u> |
| Increase in net position | 5,222,697 | 2,319,019 |
| Net position - July 1 | <u>128,450,311</u> | <u>126,131,292</u> |
| Net position - June 30 | <u>\$ 133,673,008</u> | <u>\$ 128,450,311</u> |

Property taxes comprise 77.57% of revenues, followed by grants and contributions 13.03%, charges for services 8.64% and investment earnings/other 0.76%.

Significant revenue related changes are as follows:

- Property taxes increased by \$2,293,833 due to the increase in the tax levy necessary to support the adopted budget.
- Capital grants and contributions decreased by \$4,437,001 primarily due a \$4,667,084 decrease in the amount received for the school construction grant for the PreK-5 school construction project from the prior year, offset by a \$358,878 increase for the Ports, Harbors and Marinas grant.

Management Discussion and Analysis

With respect to expenses, 59.61% of the Town's expenses relates to education, followed by 14.54% to public works, 11.33% to public safety, 9.03% to general government, 3.50% to interest on long-term debt, 0.69% to human services, 0.44% to recreation, 0.44% to social services and 0.42% to library.

- Public safety expenses decreased by \$4,760,081 primarily due to a decrease in MERS pension expense of \$5,069,649.
- Education expenses decreased by \$907,472 primarily due to decrease in operational costs of \$842,509 related to the coronavirus pandemic.

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 5 categories. The following are the categories and definitions:

- Nonspendable fund balance - not in spendable format such as inventories and prepaid expenses.
- 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 \$28,443,002, a decrease of \$625,368 in comparison with the prior year. \$14,364,269, or 50.50% of this total amount constitutes unassigned fund balance.

The components of fund balance were as follows:

| | |
|--------------|----------------------------|
| Nonspendable | \$ 561,080 |
| Restricted | 2,797,256 |
| Committed | 8,475,608 |
| Assigned | 2,244,789 |
| Unassigned | <u>14,364,269</u> |
| Total | <u><u>\$28,443,002</u></u> |

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 \$14,414,195, while total fund balance reached \$15,717,937. 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 20.02% of total general fund budgetary expenditures and transfers out, while total fund balance represents 21.84% of that same amount.

During the current fiscal year, the fund balance of the Town's general fund decreased by \$815,740. The decrease was primarily due to the planned use of fund balance of \$3,143,089 for the fiscal year ended June 30, 2020. Details of the results of operations are discussed below under general fund budgetary highlights.

Sewer Usage Fund. The fund accounts for the Town's sewer usage operations. During the year, expenditures exceeded revenues and transfers in by \$381,889, primarily due to an increase in contractual services of approximately \$142,000, a reduction in charges for services of approximately \$52,000 and a decrease of \$50,000 for the general fund subsidy to the sewer usage fund. Net position at year end was \$93,076.

PreK-5 School Construction. The fund accounts for financial resources to be used for two PreK-5 school construction projects. During the year, the fund had expenditures of \$2,799,710. Funding sources include school construction grant of \$426,785 and bond premium of \$313,960. This effectively decreased the fund balance of \$3,942,623 in the prior year to fund balance of \$1,940,018, a decrease of \$2,002,605.

Capital Nonrecurring Fund. The Capital Nonrecurring Fund's net change in fund balance was an increase of \$2,206,589 for the fiscal year due to the timing of the funding and spending for projects.

Proprietary funds

The medical self-insurance internal service fund and the Town dock self-insurance fund are the Town's only proprietary funds. Unrestricted net position for the medical self-insurance fund at year end was \$5,138,540, an increase of \$1,428,389 from the prior year, due to an increase in charges for services and decrease in claims incurred compared to last year. The decrease was substantially due to the coronavirus pandemic closures and it is expected that a portion of these claims will be realized in fiscal 2021. Unrestricted net position for the Town dock self-insurance fund at year end was \$882,488, an increase of \$157,455 from the prior year due to there being no claims.

General fund budgetary highlights

The difference between the original budget and the final amended budget was \$82,592. The significant additional appropriations and budget transfers were as follows:

- Increase of \$276,092 of transfers out to capital nonrecurring fund for technology upgrades and school roof repairs
- Transfer to Education of \$145,351 to address the State minimum budget requirement

Revenues:

- Intergovernmental revenue exceeding the amount budgeted by \$67,597 due to the new CARES Act unemployment grant of \$32,496 and the receipt of the unbudgeted Pequot grant of \$30,000
- Charges for services exceeded the amount budgeted by \$382,921. This was substantially due to a \$103,072 surplus for solid waste revenues, and vehicle use of \$77,681, and a surplus of building permits of \$62,390.

General fund budgetary highlights

Expenditures

Expenditures were underspent by a total of \$1,748,684. The most significant variance were as follows:

- General government underspent by \$609,897 due to the under expending of several salary line items, and associated benefits and technical and professional services line items
- Public Works was \$274,296 under budget due to the highway, solid waste, and building maintenance budgets being underspent by \$38,418, \$138,405 and 41,870, respectively
- Education of \$596,706 due to costs savings from school closures as a result of the coronavirus pandemic

Capital assets and debt administration

Capital assets

The Town's investment in capital assets amounts to \$187,578,971 (net of accumulated depreciation). This investment in capital assets is as follows:

Capital Assets - Net June 30

| | 2020 | 2019 |
|--------------------------------|-----------------------|-----------------------|
| Land | \$ 12,709,836 | \$ 12,709,836 |
| Construction in progress | 84,213,747 | 83,190,862 |
| Land and building improvements | 6,738,796 | 7,026,157 |
| Buildings | 28,565,367 | 29,840,912 |
| Machinery and equipment | 1,970,573 | 2,164,144 |
| Infrastructure | 51,930,886 | 50,846,736 |
| Vehicles | 1,449,766 | 1,580,067 |
| Total | \$ 187,578,971 | \$ 187,358,714 |

The capital assets (net of depreciation) increased in the current year by \$220,257. The increase is due to capital additions exceeding depreciation expense. In the current year, the Town had capital asset additions totaling \$7,177,368 and deductions totaling \$2,914,519. Major capital asset additions and deductions consisted of the following:

Major capital asset events during the current fiscal year included the following:

Construction in progress additions of:

| | |
|-------------------------------------|--------------|
| ➤ PreK-5 construction project | \$ 2,683,894 |
| ➤ Water treatment facility | 271,696 |
| ➤ Underground storage tanks highway | 223,079 |
| ➤ Security cameras district | 194,713 |

Infrastructure additions:

| | |
|---------------------------------------|-----------|
| ➤ Field complex - paving and drainage | 2,676,221 |
| ➤ Various road projects | 262,480 |

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

Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$69,165,229. All debt is backed by the full faith and credit of the Town.

Outstanding Debt General Obligation Bonds and Notes June 30

| | 2020 | 2019 |
|--------------------------|----------------------|----------------------|
| General obligation bonds | \$ 68,285,000 | \$ 74,505,000 |
| Notes | 880,229 | 1,494,765 |
| Totals | <u>\$ 69,165,229</u> | <u>\$ 75,999,765</u> |

During the current fiscal year, the Town's total long-term debt decreased by a net \$6,834,536. The decrease was due to the issuance of \$6,525,000 of refunding bonds and \$199,750 of equipment financing notes, offset by scheduled principle payments on outstanding long-term debt of \$5,759,286 and \$7,800,000 of debt refunded.

The Town maintains an "Aa1" credit rating from Moody's Investor Service, and a rating from Standard and Poor's of AAA.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total prior year tax collections including interest and lien fees. The current debt limitation for the Town is \$477,488,927, 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 G.

Economic factors and next year's budgets and rates

- At June 2020, the unemployment rate for the Town was 9.7% as compared to the state's average unemployment rate of 10.1% and a national unemployment rate of 11.1%. This compares to 2.9% for the prior year. The increases are due to the impact of the coronavirus pandemic.
- The potential impact of the pandemic on the local economy, businesses and Town revenues is being closely monitored. The July 2020 collections were in line with the prior year. Any impact on the property tax revenues is expected to occur with the January 2021 semi-annual payment, if at all. The State of Connecticut through the Governor's executive order, required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and/or the payment deferral program through October 1, 2020. The Town implemented the payment deferral program. For the collection period ended July 31, 2020, collections were in line with the prior year.

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, 2020

| <u>Assets</u> | |
|---|---------------|
| Current assets: | |
| Cash | \$ 22,726,768 |
| Investments | 14,630,778 |
| Receivables (net): | |
| Property taxes | 416,794 |
| Assessments/user charges | 1,001,787 |
| Intergovernmental | 386,414 |
| Other | 409,506 |
| Prepaid expenses | 561,080 |
| Other | 21,737 |
| Total current assets | 40,154,864 |
| Noncurrent assets: | |
| Restricted assets: | |
| Temporarily restricted: | |
| Cash | 126,924 |
| Investments | 602,497 |
| Total restricted assets | 729,421 |
| Receivables (net): | |
| Property taxes | 79,834 |
| Loans | 186,204 |
| Assessments/user charges | 242,697 |
| Total receivables (net) | 508,735 |
| Capital assets (net of accumulated depreciation): | |
| Land | 12,709,836 |
| Construction in progress | 84,213,747 |
| Land and building improvements | 6,738,796 |
| Buildings | 28,565,367 |
| Machinery and equipment | 1,970,573 |
| Infrastructure | 51,930,886 |
| Vehicles | 1,449,766 |
| Total capital assets | 187,578,971 |
| Total noncurrent assets | 188,817,127 |
| Total assets | 228,971,991 |

Deferred Outflows of Resources

| | |
|---------------------------------------|-----------|
| Deferred outflows related to pensions | 5,560,195 |
| Deferred outflows related to OPEB | 400,833 |
| Total deferred outflows of resources | 5,961,028 |

(Continued)

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

Town of Stonington, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2020

| <u>Liabilities</u> | |
|---|-----------------------|
| Current liabilities: | |
| Accounts payable | \$ 2,459,850 |
| Accrued payroll and related liabilities | 396,449 |
| Retainage payable | 1,143,379 |
| Accrued interest payable | 651,131 |
| Unearned revenue | 115,779 |
| Claims payable | 343,000 |
| Bonds and notes payable | 5,683,936 |
| Compensated absences | 659,413 |
| Landfill postclosure costs | 25,000 |
| Total current liabilities | <u>11,477,937</u> |
| Noncurrent liabilities: | |
| Performance bonds and customer deposits | 729,421 |
| Bonds, notes, and related liabilities | 66,934,866 |
| Compensated absences | 1,978,239 |
| Landfill postclosure costs | 100,000 |
| Heart and hypertension | 183,055 |
| Net pension liability | 13,871,920 |
| Net OPEB liability | 3,096,482 |
| Total noncurrent liabilities | <u>86,893,983</u> |
| Total liabilities | <u>98,371,920</u> |
| <u>Deferred Inflows of Resources</u> | |
| Deferred charge on refunding | 26,896 |
| Deferred inflows related to pension | 1,086,802 |
| Deferred inflows related to OPEB | 1,774,393 |
| Total deferred inflows of resources | <u>2,888,091</u> |
| <u>Net Position</u> | |
| Net investment in capital assets | 114,933,273 |
| Restricted for: | |
| Public safety | 25,003 |
| Highway department | 462,470 |
| Sanitation and waste removal | 2,025,740 |
| Human services | 14,140 |
| Housing rehabilitation programs | 222,270 |
| Education | 47,633 |
| Unrestricted | 15,942,479 |
| Total net position | <u>\$ 133,673,008</u> |
| | (Concluded) |

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

Town of Stonington, Connecticut

Statement of Activities
Governmental Activities
For the Year Ended June 30, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net Revenues (Expenses) and Changes in Net Position |
|--|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| General government | \$ 7,174,167 | \$ 1,096,361 | \$ 92,414 | \$ - | \$ (5,985,392) |
| Public works | 11,554,946 | 4,926,378 | 3,371 | 521,947 | (6,103,250) |
| Public safety | 9,002,428 | 721,416 | 110,889 | - | (8,170,123) |
| Human services | 548,536 | - | 291,684 | - | (256,852) |
| Social services | 347,892 | - | - | - | (347,892) |
| Recreation | 348,942 | 147,756 | 18,150 | 358,758 | 175,722 |
| Libraries | 346,500 | - | - | - | (346,500) |
| Education | 47,386,880 | 427,260 | 8,911,608 | 426,785 | (37,621,227) |
| Interest | 2,778,496 | - | - | - | (2,778,496) |
| Total | \$ 79,488,787 | \$ 7,319,171 | \$ 9,428,116 | \$ 1,307,490 | (61,434,010) |
| General revenues: | | | | | |
| Property taxes | | | | | 65,709,951 |
| Grants and contributions not restricted to specific programs | | | | | 300,052 |
| Income from investments | | | | | 543,545 |
| Other | | | | | 103,159 |
| Total general revenues | | | | | 66,656,707 |
| Change in net position | | | | | 5,222,697 |
| Net position - July 1, 2019 | | | | | 128,450,311 |
| Net position - June 30, 2020 | | | | | \$ 133,673,008 |

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

Town of Stonington, Connecticut

Balance Sheet
Governmental Funds
June 30, 2020

| | General Fund | Sewer Usage Fund | Pre K-5 School Construction Fund | Capital Nonrecurring Fund | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------------|---|---------------------------------|--------------------------------|--------------------------------|
| <u>Assets</u> | | | | | | |
| Cash | \$ 5,836,981 | \$ 545,711 | \$ - | \$ 7,099,531 | \$ 3,361,547 | \$ 16,843,770 |
| Restricted cash | 126,924 | - | - | - | - | 126,924 |
| Investments | 14,630,778 | - | - | - | - | 14,630,778 |
| Restricted investments | 592,260 | 10,237 | - | - | - | 602,497 |
| Receivables (net): | - | - | - | - | - | - |
| Property taxes | 505,349 | - | - | - | - | 505,349 |
| Loans | - | - | - | - | 186,204 | 186,204 |
| Assessments/use charges | - | 1,242,827 | - | - | 1,657 | 1,244,484 |
| Intergovernmental | 51,947 | - | - | - | 334,467 | 386,414 |
| Other | 299,487 | 4,252 | - | - | 90,759 | 394,498 |
| Due from other funds | 715,859 | - | 3,091,595 | - | 953,189 | 4,760,643 |
| Prepaid | 561,080 | - | - | - | - | 561,080 |
| Other | 21,012 | 725 | - | - | - | 21,737 |
| Total assets | <u>\$ 23,341,677</u> | <u>\$ 1,803,752</u> | <u>\$ 3,091,595</u> | <u>\$ 7,099,531</u> | <u>\$ 4,927,823</u> | <u>\$ 40,264,378</u> |
| <u>Liabilities</u> | | | | | | |
| Accounts payable | \$ 1,513,069 | \$ 224,867 | \$ 8,198 | \$ 394,197 | \$ 319,519 | \$ 2,459,850 |
| Accrued payroll and related liabilities | 396,449 | - | - | - | - | 396,449 |
| Retainage payable | - | - | 1,143,379 | - | - | 1,143,379 |
| Due to other funds | 4,489,689 | 222,000 | - | 416,859 | 98,117 | 5,226,665 |
| Unearned revenue | - | 10,745 | - | - | 105,034 | 115,779 |
| Performance bonds and customer deposits | 719,184 | 10,237 | - | - | - | 729,421 |
| Total liabilities | <u>7,118,391</u> | <u>467,849</u> | <u>1,151,577</u> | <u>811,056</u> | <u>522,670</u> | <u>10,071,543</u> |
| <u>Deferred Inflows of Resources</u> | | | | | | |
| Unavailable revenue: | | | | | | |
| Property taxes | 505,349 | - | - | - | - | 505,349 |
| Assessments/use charges | - | 1,242,827 | - | - | 1,657 | 1,244,484 |
| Total deferred inflows of resources | <u>505,349</u> | <u>1,242,827</u> | <u>-</u> | <u>-</u> | <u>1,657</u> | <u>1,749,833</u> |
| <u>Fund Balances</u> | | | | | | |
| Nonspendable | 561,080 | - | - | - | - | 561,080 |
| Restricted | - | 93,076 | - | - | 2,704,180 | 2,797,256 |
| Committed | - | - | 1,940,018 | 6,288,475 | 247,115 | 8,475,608 |
| Assigned | 742,662 | - | - | - | 1,502,127 | 2,244,789 |
| Unassigned | 14,414,195 | - | - | - | (49,926) | 14,364,269 |
| Total fund balances | <u>15,717,937</u> | <u>93,076</u> | <u>1,940,018</u> | <u>6,288,475</u> | <u>4,403,496</u> | <u>28,443,002</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 23,341,677</u> | <u>\$ 1,803,752</u> | <u>\$ 3,091,595</u> | <u>\$ 7,099,531</u> | <u>\$ 4,927,823</u> | <u>\$ 40,264,378</u> |

(Continued)

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

Town of Stonington, Connecticut

**Reconciliation of Fund Balances to Net Position
of Governmental Activities
June 30, 2020**

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) | \$ 28,443,002 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | |
| Beginning capital assets | 187,358,714 |
| Current year additions (net of construction in progress decreases) | 4,501,146 |
| Depreciation expense | (4,221,725) |
| Disposal of capital assets | (59,164) |
| Other long-term assets and deferred outflows of resources are not available resources and, therefore, are not reported in the funds: | |
| Property tax interest and lien accrual | 52,279 |
| Allowance for doubtful accounts | (61,000) |
| Deferred outflows related to pensions | 5,560,195 |
| Deferred outflows related to OPEB | 400,833 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds: | |
| Property tax and sewer assessments receivable-accrual basis change | 1,749,833 |
| Internal service funds are used by management to account for the cost of medical insurance premiums and general liability and property damage premiums: | |
| The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position | 6,021,028 |
| Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds: | |
| Bonds and notes payable and related liabilities | (72,618,802) |
| Compensated absences | (2,637,652) |
| Landfill postclosure costs | (125,000) |
| Heart and hypertension | (183,055) |
| Net pension liability | (13,871,920) |
| Net OPEB liability | (3,096,482) |
| Accrued interest payable | (651,131) |
| Deferred charge on refunding | (26,896) |
| Deferred inflows related to pensions | (1,086,802) |
| Deferred inflows related to OPEB | (1,774,393) |
| Net position (Exhibit A) | <u>\$ 133,673,008</u> |

(Concluded)

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

Town of Stonington, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

| | General Fund | Sewer Usage Fund | Pre K-5 School Construction Fund | Capital Nonrecurring Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------|---|---------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | | |
| Property taxes | \$ 65,588,819 | \$ - | \$ - | \$ - | \$ - | \$ 65,588,819 |
| Intergovernmental | 6,924,036 | 3,371 | 426,785 | - | 3,681,466 | 11,035,658 |
| Charges for services | 3,528,921 | 2,232,169 | - | 27,300 | 1,344,725 | 7,133,115 |
| Use of money and property | 337,567 | - | 56,360 | 76,407 | 22,797 | 493,131 |
| Other | - | 7,964 | - | - | 95,195 | 103,159 |
| Total revenues | <u>76,379,343</u> | <u>2,243,504</u> | <u>483,145</u> | <u>103,707</u> | <u>5,144,183</u> | <u>84,353,882</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 6,807,390 | - | - | - | 643,065 | 7,450,455 |
| Public safety | 5,953,364 | - | - | - | 584,071 | 6,537,435 |
| Public works | 6,229,422 | 2,875,393 | - | - | 145,629 | 9,250,444 |
| Human services | 404,303 | - | - | - | 22,464 | 426,767 |
| Social services | 347,892 | - | - | - | - | 347,892 |
| Libraries | 346,500 | - | - | - | - | 346,500 |
| Recreation | 129,388 | - | - | - | 219,554 | 348,942 |
| Payments to other civic divisions | 206,885 | - | - | - | - | 206,885 |
| Education | 42,335,863 | - | - | - | 3,143,837 | 45,479,700 |
| Debt service | 8,883,160 | - | 58,825 | 216,372 | 90,355 | 9,248,712 |
| Capital outlay | - | - | 2,740,885 | 2,881,612 | 317,286 | 5,939,783 |
| Total expenditures | <u>71,644,167</u> | <u>2,875,393</u> | <u>2,799,710</u> | <u>3,097,984</u> | <u>5,166,261</u> | <u>85,583,515</u> |
| Excess (deficiency) of revenues over expenditures | <u>4,735,176</u> | <u>(631,889)</u> | <u>(2,316,565)</u> | <u>(2,994,277)</u> | <u>(22,078)</u> | <u>(1,229,633)</u> |
| Other financing sources (uses): | | | | | | |
| Issuance of debt | - | - | - | 199,750 | 6,525,000 | 6,724,750 |
| Payment to refunded bonds escrow agent | - | - | - | - | (7,290,042) | (7,290,042) |
| Premium | - | - | 313,960 | - | 855,397 | 1,169,357 |
| Sale of capital assets | 200 | - | - | - | - | 200 |
| Transfers in | - | 250,000 | - | 5,001,116 | 300,000 | 5,551,116 |
| Transfers out | (5,551,116) | - | - | - | - | (5,551,116) |
| Net other financing sources (uses) | <u>(5,550,916)</u> | <u>250,000</u> | <u>313,960</u> | <u>5,200,866</u> | <u>390,355</u> | <u>604,265</u> |
| Net change in fund balances | (815,740) | (381,889) | (2,002,605) | 2,206,589 | 368,277 | (625,368) |
| Fund balances - July 1, 2019 | <u>16,533,677</u> | <u>474,965</u> | <u>3,942,623</u> | <u>4,081,886</u> | <u>4,035,219</u> | <u>29,068,370</u> |
| Fund balances - June 30, 2020 | <u>\$ 15,717,937</u> | <u>\$ 93,076</u> | <u>\$ 1,940,018</u> | <u>\$ 6,288,475</u> | <u>\$ 4,403,496</u> | <u>\$ 28,443,002</u> |

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

Town of Stonington, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds (Exhibit D) \$ (625,368)

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.

| | |
|----------------------|--------------------|
| Capital outlay | 4,501,146 |
| Depreciation expense | <u>(4,221,725)</u> |
| Total | <u>279,421</u> |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase/decrease 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 position differs from the change in fund balance by the cost of the capital assets sold.

(59,164)

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 | 315,701 |
| Change in property tax interest and lien revenue | <u>(8,513)</u> |
| Total | <u>307,188</u> |

The issuance of long-term debt (e.g., bonds, notes) 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 bonds and notes | (6,724,750) |
| Premium | (404,295) |
| Deferred charge on refunding | (675,000) |
| Principal payments: | |
| General obligation bonds and notes | <u>13,559,286</u> |
| Total | <u>5,755,241</u> |

(Continued)

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

Town of Stonington, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2020**

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:

| | |
|---|--------------------|
| Amortization of premium | \$ 710,591 |
| Change in: | |
| Compensated absences | (878,952) |
| Landfill post closure costs | 25,000 |
| Heart and hypertension | 169,128 |
| Pension liability | (2,520,969) |
| OPEB liability | 454,636 |
| Deferred outflows of resources related to pension | 867,423 |
| Deferred inflows of resources related to pension | (259,693) |
| Deferred outflows of resources related to OPEB | 172,715 |
| Deferred inflows of resources related to OPEB | (160,663) |
| Accrued interest payable | (153,102) |
| Amortization of deferred charge on refunding | <u>(446,579)</u> |
| Total | <u>(2,020,465)</u> |

The net revenue (expense) of the activities of the internal service funds are used by management to account for the costs of medical insurance premiums and general liability and property damage premiums

1,585,844

Change in net position (Exhibit B)

\$ 5,222,697

(Concluded)

Town of Stonington, Connecticut

Statement of Net Position
 Proprietary Funds
 June 30, 2020

| | <u>Internal Service Fund</u> |
|----------------------|----------------------------------|
| <u>Assets</u> | |
| Current assets: | |
| Cash | \$ 5,882,998 |
| Accounts receivable | 15,008 |
| Due from other funds | <u>466,022</u> |
| Total current assets | <u>6,364,028</u> |
| <u>Liability</u> | |
| Current liability: | |
| Claims payable | <u>343,000</u> |
| <u>Net Position</u> | |
| Unrestricted | <u><u>\$ 6,021,028</u></u> |

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

Town of Stonington, Connecticut

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

| | <u>Internal Service Fund</u> |
|------------------------------|----------------------------------|
| Operating revenues: | |
| Charges for services | <u>\$ 7,571,652</u> |
| Operating expenses: | |
| Claims | 4,603,222 |
| Administration and insurance | <u>1,433,000</u> |
| Total operating expenses | <u>6,036,222</u> |
| Operating income (loss) | 1,535,430 |
| Nonoperating revenues: | |
| Income from investments | <u>50,414</u> |
| Change in net position | 1,585,844 |
| Net position - July 1, 2019 | <u>4,435,184</u> |
| Net position - June 30, 2020 | <u><u>\$ 6,021,028</u></u> |

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

Town of Stonington, Connecticut

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

| | <u>Internal Service Fund</u> |
|--|----------------------------------|
| Cash flows from (used in) operating activities: | |
| Cash received for premiums | \$ 8,079,213 |
| Cash paid for claims | (4,704,222) |
| Cash paid for administration and insurance | <u>(1,433,000)</u> |
| Net cash from (used in) operating activities | 1,941,991 |
| Cash flows from (used in) investing activities: | |
| Income from investments | <u>50,414</u> |
| Net increase (decrease) in cash | 1,992,405 |
| Cash - July 1, 2019 | <u>3,890,593</u> |
| Cash - June 30, 2020 | <u><u>\$ 5,882,998</u></u> |
| Reconciliation of operating income (loss) to net cash from (used in) operating activities: | |
| Operating income (loss) | \$ 1,535,430 |
| Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities: | |
| (Increase) decrease in: | |
| Accounts receivable | (15,008) |
| Due from other funds | 522,569 |
| Increase (decrease) in: | |
| Claims payable | <u>(101,000)</u> |
| Net cash from (used in) operating activities | <u><u>\$ 1,941,991</u></u> |

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

Town of Stonington, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

| | Pension and OPEB Trust Funds | Private- Purpose Trust Fund | Custodial Funds |
|-------------------------------|---------------------------------------|--------------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| <u>Assets</u> | | | |
| Cash | \$ 115,542 | \$ 17,118 | \$ 468,133 |
| | <u> </u> | <u> </u> | <u> </u> |
| Contributions receivable | 18,881 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Investments: | | | |
| Mutual funds: | | | |
| Money market | 185,194 | - | - |
| Fixed income | 985,904 | - | - |
| Bond | 12,263,884 | - | - |
| Equity | 23,379,744 | - | - |
| Certificates of deposit | - | 224,624 | - |
| Equities | 681,432 | - | - |
| Municipal bonds | 177,538 | - | - |
| Corporate bonds | 362,652 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total investments | 38,036,348 | 224,624 | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | 38,170,771 | 241,742 | 468,133 |
| | <u> </u> | <u> </u> | <u> </u> |
| <u>Net Position</u> | | | |
| Restricted for: | | | |
| Pensions | 34,188,229 | - | - |
| OPEB | 3,982,542 | - | - |
| Individuals and organizations | - | 241,742 | 468,133 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total net position | \$ 38,170,771 | \$ 241,742 | \$ 468,133 |
| | <u> </u> | <u> </u> | <u> </u> |

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

Town of Stonington, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

| | Pension and OPEB Trust Funds | Private- Purpose Trust Fund | Custodial Funds |
|---|---------------------------------------|--------------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Additions: | | | |
| Contributions: | | | |
| Employer | \$ 1,751,082 | \$ - | \$ - |
| Employee | 247,837 | - | - |
| Private | <u>-</u> | <u>132,240</u> | <u>-</u> |
| Total contributions | <u>1,998,919</u> | <u>132,240</u> | <u>-</u> |
| Activity fees | <u>-</u> | <u>-</u> | <u>471,200</u> |
| Investment income (loss): | | | |
| Net change in fair value of investments | (527,087) | - | - |
| Interest and dividends | <u>879,373</u> | <u>-</u> | <u>-</u> |
| Total investment income (loss) | 352,286 | - | - |
| Less investment expense | <u>47,573</u> | <u>-</u> | <u>-</u> |
| Net investment income (loss) | <u>304,713</u> | <u>-</u> | <u>-</u> |
| Total additions | <u>2,303,632</u> | <u>132,240</u> | <u>471,200</u> |
| Deductions: | | | |
| Benefits | 2,286,031 | - | - |
| Administration | 82,038 | - | - |
| Activities and events | <u>-</u> | <u>17,222</u> | <u>459,159</u> |
| Total deductions | <u>2,368,069</u> | <u>17,222</u> | <u>459,159</u> |
| Change in net position | (64,437) | 115,018 | 12,041 |
| Net position - July 1, 2019 | <u>38,235,208</u> | <u>126,724</u> | <u>456,092</u> |
| Net position - June 30, 2020 | <u><u>\$ 38,170,771</u></u> | <u><u>\$ 241,742</u></u> | <u><u>\$ 468,133</u></u> |

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

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**History and organization**

The Town of Stonington, Connecticut ("Town") 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.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town does not report any component units.

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. 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
As of and for the Year Ended June 30, 2020

B. Measurement focus, basis of accounting and financial statement presentation (continued)

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 during the current fiscal period. In addition, the Town considers reimbursement grants to be available if they are collected within one year 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, pension and OPEB benefits, certain other employee benefits, and certain other long-term liabilities are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Expenditure reimbursement type grants, certain intergovernmental revenues, certain charges, transfers, 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 Pre K-5 School Construction Fund accounts for the financial revenues to be used for the renovation and expansion of West Vine Street and Deans Mill elementary schools.

The *Capital Nonrecurring Fund* accounts for activities associated with major capital improvements and equipment.

Additionally, the Town reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specified purposes other than debt.

The *Capital Projects Fund* is used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments.

The *Internal Service Fund* accounts for risk financing activities for medical insurance benefits and for general liability and property claims related to the Town dock as allowed by GASB Statement No. 10.

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

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Measurement focus, basis of accounting and financial statement presentation (continued)

The *OPEB Trust Funds* account for the activities of the Town OPEB Plan and Police OPEB Plan, which accumulate resources for OPEB benefits.

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

Custodial Funds account for monies held on behalf of student groups.

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.

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of Stonington Pension and OPEB plans, the Connecticut Municipal Employees Retirement System ("MERS"), the Connecticut State Teachers' Retirement System ("TRS"), and the Connecticut State Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's pension and OPEB plans, MERS, TRS, and RHIP. 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. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

For cash flow purposes the Town considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)**b. 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. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The Town's pension funds are regulated by an approved investment policy, which is reviewed annually by the pension board. 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.

| <u>Asset Class</u> | <u>Pension</u> | <u>OPEB</u> |
|--------------------|----------------|----------------|
| Equities | 61.50% | 39.95% |
| Fixed income | 34.00% | 53.55% |
| Commodities | 1.50% | - |
| Cash | 3.00% | 6.50% |
| Total | <u>100.00%</u> | <u>100.00%</u> |

c. Methods used to value investments

Investments for the Town are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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: Quoted prices for identical investments in markets that are not active; and

Level 3: Unobservable inputs.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)**d. Risk policies**

| | |
|------------------------------|---|
| Interest rate risk | Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates |
| Credit risk | Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town 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 |
| Concentration of credit risk | Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital in any one depository |
| 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. The Town's policy follows the State of Connecticut requirements that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio |
| Foreign currency risk | Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to foreign currency risk |

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 21% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, property tax revenues are recognized when they become available. Only taxes collected during the fiscal year are recorded as revenue.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)

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.

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

3. Restricted assets

The restricted assets for the Town are restricted for performance bonds and sewer customer deposits. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance. Deposits are required to setup sewer user accounts.

4. Capital assets

Capital assets, which include construction in progress, 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 acquisition 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.

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 |

Town of Stonington, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2020****C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)****5. 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.

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

The Town reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide statements for differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on plan investments, changes in proportional share, and contributions subsequent to measurement date. The deferred outflow or inflow related to differences between expected and actual experience, changes in assumptions, and changes in proportional share will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period. The deferred outflow related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

Deferred inflows of resources also include deferred inflows relating to advance refunding of debt. These amounts are deferred and are amortized over the life of the debt.

Advance tax collections, if any, represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

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 revenues from several sources: property taxes (including advance collections, if any), sewer assessment and use charges. These amounts are recognized as an inflow of resources in the period that the amounts become available.

6. 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.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)**7. Long-term liabilities**

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.

8. Net position and fund balances

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 reflects 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 |

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
As of and for the Year Ended June 30, 2020

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)

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 resolutions approved by the Board of Selectman and the Board of Finance |
| 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 of Finance 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 |

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Finance has provided otherwise in its commitment or assignment actions.

9. Use of 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. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the mitigation responses. Any such differences are not expected to be material for the year ended June 30, 2020.

10. Reclassifications

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

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

II. Stewardship, compliance and accountability**A. Basis of budgeting**

Only the General Fund has a legally adopted annual budget.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. 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 the budgetary statements included as required supplementary information.

Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Donor-restricted endowments

The Town has received certain endowments for various scholarship purposes. The amounts are reflected in net position as restricted for endowments. Investment income for scholarship funds is approved for expenditure by the individual Boards of the benefiting activities and is included in restricted net position.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

C. Capital projects authorizations

The following is a summary of certain capital projects:

| Project Name | Project Authorization | Cumulative Expenditures | Project Balance |
|---|-----------------------|-------------------------|--------------------|
| Waste water treatment facilities improvements | \$18,325,000 | \$18,079,223 | \$ 245,777 |
| Road improvements | 3,500,000 | 3,452,485 | 47,515 |
| Various school renovations | 69,000,000 | 64,526,706 | 4,473,294 |
| Mystic river boathouse park | 2,216,164 | 1,823,578 | 392,586 |
| Athletic fields and facilities | 2,700,000 | 2,676,221 | 23,779 |
| Totals | <u>\$95,741,164</u> | <u>\$90,558,213</u> | <u>\$5,182,951</u> |

Town of Stonington, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2020

III. Detailed notes**A. Cash and investments****1. Deposits – custodial credit risk**

At year end, the Town's bank balance, including certificates of deposits classified as investments, was \$40,356,931 and was exposed to custodial credit risk as follows:

| | |
|--|----------------------|
| Uninsured and uncollateralized | \$ 7,924,494 |
| Uninsured and collateral held by pledging bank's trust department not in the Town's name | <u>16,381,586</u> |
| Total amount subject to custodial credit risk | <u>\$ 24,306,080</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

- a. The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

| Type of Investment | Fair Value | Investment Maturities (In Years) | | | | |
|-------------------------|---------------|----------------------------------|---------------|--------------|---------------|-----------|
| | | N/A | Less Than 1 | 1-5 Years | 5-10 Years | Over 10 |
| Mutual funds: | | | | | | |
| Money market | \$ 185,194 | \$ - | \$ 185,194 | \$ - | \$ - | \$ - |
| Fixed income | 985,904 | - | 985,904 | - | - | - |
| Bond | 12,263,884 | - | - | 2,192,244 | 10,071,640 | - |
| Equity | 23,379,744 | 23,379,744 | - | - | - | - |
| Certificates of deposit | 14,895,870 | - | 14,895,870 | - | - | - |
| Pooled fixed income | 562,029 | - | 562,029 | - | - | - |
| Equities | 681,432 | 681,432 | - | - | - | - |
| Municipal bonds | 177,538 | - | - | 105,232 | 21,445 | 50,861 |
| Corporate bonds | 362,652 | - | - | 362,652 | - | - |
| Total | \$ 53,494,247 | \$ 24,061,176 | \$ 16,628,997 | \$ 2,660,128 | \$ 10,093,085 | \$ 50,861 |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Cash and investments (continued)

- b. The Town had the following recurring fair value measurements:

| | Amount | Quoted Market Prices in Active Markets Level 1 | Significant Observable Inputs Level 2 |
|--|----------------------|---|--|
| <u>Investments by Fair Value Level</u> | | | |
| Mutual funds: | | | |
| Money market | \$ 185,194 | \$ 185,194 | \$ - |
| Fixed income | 985,904 | 985,904 | - |
| Bond | 12,263,884 | 12,263,884 | - |
| Equity | 23,379,744 | 23,379,744 | - |
| Equities | 681,432 | 681,432 | - |
| Municipal bonds | 177,538 | - | 177,538 |
| Corporate bonds | 362,652 | - | 362,652 |
| Total investments by fair value level | <u>38,036,348</u> | <u>\$ 37,496,158</u> | <u>\$ 540,190</u> |
| <u>Other Investments</u> | | | |
| Certificates of deposit | 14,895,870 | | |
| Pooled fixed income | <u>562,029</u> | | |
| Total other investments | <u>15,457,899</u> | | |
| Total investments | <u>\$ 53,494,247</u> | | |

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs: quoted prices for identical securities in markets that are not active. The fair value was determined based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets.

The market approach was used to determine the value of bonds.

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

| Type of Investment | Ratings | | | | Totals |
|---------------------|----------------------|-------------------|------------------|---------------------|---------------------|
| | AAA | AA | A | BBB | |
| Mutual funds: | | | | | |
| Money market | \$ 185,194 | \$ - | \$ - | \$ - | \$ 185,194 |
| Fixed income | 985,904 | - | - | - | 985,904 |
| Bonds | 10,633,087 | 401,667 | - | 1,229,130 | 12,263,884 |
| Pooled fixed income | 562,029 | - | - | - | 562,029 |
| Municipal bonds | 25,768 | 126,002 | 25,768 | - | 177,538 |
| Corporate bonds | - | 362,652 | - | - | 362,652 |
| Total | <u>\$ 12,391,982</u> | <u>\$ 890,321</u> | <u>\$ 25,768</u> | <u>\$ 1,229,130</u> | <u>\$14,537,201</u> |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Cash and investments (continued)

- d. Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, debentures, certificates of deposit and money funds.

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

| | Total | Less Insured Amounts | Amount Subject to Custodial Credit Risk |
|-----------------|---------------------|----------------------------|--|
| Equities | \$ 681,432 | \$ 137,348 | \$ 544,084 |
| Municipal bonds | 177,538 | - | 177,538 |
| Corporate bonds | 362,652 | 362,652 | - |
| Total | <u>\$ 1,221,622</u> | <u>\$ 500,000</u> | <u>\$ 721,622</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.

| | Property taxes | | | | Police outside services |
|-----------------------------------|-------------------|---------------------------|-------------------|-------------------|-------------------------------|
| | Taxes | Interest and lien fees | Total | CDBG loans | |
| Current portion | <u>\$ 396,154</u> | <u>\$ 20,640</u> | <u>\$ 416,794</u> | <u>\$ -</u> | <u>\$ 87,785</u> |
| Long-term portion | \$ 109,195 | \$ 31,639 | \$ 140,834 | \$ 190,704 | \$ - |
| Less allowance for uncollectibles | <u>(50,000)</u> | <u>(11,000)</u> | <u>(61,000)</u> | <u>(4,500)</u> | <u>(15,000)</u> |
| Net long-term portion | <u>\$ 59,195</u> | <u>\$ 20,639</u> | <u>\$ 79,834</u> | <u>\$ 186,204</u> | <u>\$ 72,785</u> |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Receivables (continued)

| | Sewer use | | | | |
|-----------------------------------|------------|---------------------------|--------------|---------------------|--------------|
| | Use | Interest and lien fees | Total | Sewer assessment | Total |
| Current portion | \$ 996,980 | \$ 3,150 | \$ 1,000,130 | \$ 1,657 | \$ 1,001,787 |
| Long-term portion | \$ 260,548 | \$ 3,149 | \$ 263,697 | \$ - | \$ 263,697 |
| Less allowance for uncollectibles | (21,000) | - | (21,000) | - | (21,000) |
| Net long-term portion | \$ 239,548 | \$ 3,149 | \$ 242,697 | \$ - | \$ 242,697 |

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

A summary of interfund balances is as follows:

| | Corresponding Fund | Due From | Due to |
|--|--------------------|------------|-----------|
| General fund: | | | |
| Sewer usage fund | N/A | \$ 222,000 | \$ - |
| Pre K-5 school construction fund | N/A | - | 3,091,595 |
| Capital nonrecurring fund | N/A | 416,859 | - |
| Shellfish fund | N/A | 1,502 | - |
| Town aid road fund | N/A | - | 568,023 |
| Dog license fund | N/A | - | 9,710 |
| Youth service activity fund | N/A | 6,842 | - |
| Community development block grant fund | N/A | 55,208 | - |
| Planning and development grant fund | N/A | - | 111,997 |
| Recreation commission fund | N/A | 6,041 | - |
| Human service grant fund | N/A | - | 47,866 |
| Prepaid education grants fund | N/A | - | 10,201 |
| Miscellaneous fund | N/A | - | 69,021 |
| Stonington harbor management fund | N/A | - | 62,857 |
| Mystic harbor management fund | N/A | - | 52,397 |
| Bonded capital projects fund | N/A | 7,407 | - |
| Town medical fund | N/A | - | 316,022 |
| Town dock fund | N/A | - | 150,000 |
| Total general fund | | 715,859 | 4,489,689 |
| Sewer usage fund | General fund | - | 222,000 |
| Pre K-5 school construction fund | General fund | 3,091,595 | - |
| Capital nonrecurring fund | General fund | - | 416,859 |

Town of Stonington, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Interfund accounts (continued)

| | Corresponding Fund | Due From | Due to |
|--|-------------------------------------|--------------|--------------|
| Other governmental funds: | | | |
| Special revenue funds: | | | |
| Shellfish fund | General fund | \$ - | \$ 1,502 |
| Town aid road fund | General fund | 568,023 | - |
| Dog license fund | General fund | 9,710 | - |
| Youth service activity fund | Human services grant fund | 5,634 | - |
| Youth service activity fund | General fund | | 6,842 |
| Youth service activity fund | Recreation commission fund | - | 15,343 |
| Community development block grant fund | General Fund | | 55,208 |
| Planning and development grant fund | General Fund | 111,997 | - |
| Planning and development grant fund | Bonded capital projects fund | 140 | - |
| Recreation commission fund | General fund | - | 6,041 |
| Recreation commission fund | Youth service activity fund | 15,343 | - |
| Human services grant fund | General fund | 47,866 | - |
| Human services grant fund | Youth service activity fund | - | 5,634 |
| Prepaid education grants fund | General fund | 10,201 | - |
| Miscellaneous fund | General fund | 69,021 | - |
| Stonington harbor management fund | General fund | 62,857 | - |
| Mystic harbor management fund | General fund | 52,397 | - |
| Total special revenue funds | | 953,189 | 90,570 |
| Capital projects funds: | | | |
| Bonded capital projects fund | General fund | - | 7,407 |
| Bonded capital projects fund | Planning and development grant fund | - | 140 |
| Total capital projects funds | | - | 7,547 |
| Total other governmental funds | | 953,189 | 98,117 |
| Internal service fund: | | | |
| Town medical fund | General fund | 316,022 | - |
| Town dock fund | General fund | 150,000 | - |
| Total internal service fund | | 466,022 | - |
| Grand total | | \$ 5,226,665 | \$ 5,226,665 |

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a cash account.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Interfund accounts (continued)**2. Interfund transfers**

A summary of interfund transfers for the fiscal year is as follows:

| | <u>Corresponding Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|---------------------------|---------------------------|---------------------|---------------------|
| General fund: | | | |
| Sewer usage fund | N/A | \$ - | \$ 250,000 |
| Capital nonrecurring fund | N/A | - | 5,001,116 |
| Miscellaneous fund | N/A | - | 300,000 |
| Total general fund | | - | 5,551,116 |
| Sewer usage fund | General fund | 250,000 | - |
| Capital nonrecurring fund | General fund | 5,001,116 | - |
| Other governmental funds: | | | |
| Miscellaneous fund | General fund | 300,000 | - |
| Grand total | | <u>\$ 5,551,116</u> | <u>\$ 5,551,116</u> |

Transfers are used to account for the financing by the general fund of various programs and activities in other funds as well as sewer assessment contributions to the general fund.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

D. Capital assets

Capital asset activity for the fiscal year was as follows:

| | Balance July 1, 2019 | Increases | Decreases | Balance June 30, 2020 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 12,709,836 | \$ - | \$ - | \$ 12,709,836 |
| Construction in progress | 83,190,862 | 3,699,107 | 2,676,222 | 84,213,747 |
| Total capital assets, not being depreciated | 95,900,698 | 3,699,107 | 2,676,222 | 96,923,583 |
| Capital assets, being depreciated: | | | | |
| Land and building improvements | 12,356,804 | 62,091 | - | 12,418,895 |
| Buildings | 66,497,368 | - | - | 66,497,368 |
| Machinery and equipment | 9,210,163 | 185,057 | 61,828 | 9,333,392 |
| Infrastructure | 90,676,224 | 2,938,701 | - | 93,614,925 |
| Vehicles | 4,645,856 | 292,412 | 176,469 | 4,761,799 |
| Total capital assets, being depreciated | 183,386,415 | 3,478,261 | 238,297 | 186,626,379 |
| Total capital assets | 279,287,113 | 7,177,368 | 2,914,519 | 283,549,962 |
| Less accumulated depreciation for: | | | | |
| Land and building improvements | 5,330,647 | 349,452 | - | 5,680,099 |
| Buildings | 36,656,456 | 1,275,545 | - | 37,932,001 |
| Machinery and equipment | 7,046,019 | 320,632 | 3,832 | 7,362,819 |
| Infrastructure | 39,829,488 | 1,854,551 | - | 41,684,039 |
| Vehicles | 3,065,789 | 421,545 | 175,301 | 3,312,033 |
| Total accumulated depreciation | 91,928,399 | 4,221,725 | 179,133 | 95,970,991 |
| Total capital assets, being depreciated, net | 91,458,016 | (743,464) | 59,164 | 90,655,388 |
| Capital assets, net | <u>\$187,358,714</u> | <u>\$ 2,955,643</u> | <u>\$ 2,735,386</u> | <u>\$187,578,971</u> |

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

| | |
|--------------------|---------------------|
| General government | \$ 1,673,296 |
| Public works | 899,730 |
| Public safety | 247,693 |
| Education | 1,390,878 |
| Human services | 10,128 |
| Total | <u>\$ 4,221,725</u> |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Construction commitments

The Town had no significant commitments at year end.

F. Short-term obligations – Bond anticipation notes

The Town uses bond anticipation notes (“BANs”) during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the fiscal year was as follows:

| Purpose | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 |
|------------------------------|-------------------------|-----------|--------------|--------------------------|
| Pre K-5 construction project | \$ 1,300,000 | \$ - | \$ 1,300,000 | \$ - |

G. Changes in long-term obligations**1. Summary of changes**

| Description | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 | Current Portion | Long-term Portion |
|------------------------------|--------------------|------------------|---------------------|------------------|-------------------------|-----------|------------------|--------------------------|--------------------|----------------------|
| Bonds: | | | | | | | | | | |
| General purpose: | | | | | | | | | | |
| Refunding bond | \$ 4,525,000 | 02/15/09 | 05/15/20 | 2.0%-5.0% | \$ 459,137 | \$ - | \$ 459,137 | \$ - | \$ - | \$ - |
| Refunding bond | 1,192,000 | 02/23/12 | 09/01/24 | 2.25%-4.0% | 641,576 | - | 111,650 | 529,926 | 108,000 | 421,926 |
| Improvement bond | 4,285,000 | 08/14/13 | 08/15/33 | 2.5%-4.25% | 3,210,000 | - | 215,000 | 2,995,000 | 215,000 | 2,780,000 |
| Road improvement bond | 1,915,000 | 08/22/14 | 08/15/34 | 2.0%-4.0% | 1,527,554 | - | 95,450 | 1,432,104 | 97,000 | 1,335,104 |
| Mystic River Park | 2,216,164 | 11/01/16 | 11/01/36 | 2.0%-5.0% | 1,990,000 | - | 115,000 | 1,875,000 | 115,000 | 1,760,000 |
| Total general purpose | 14,133,164 | | | | 7,828,267 | - | 996,237 | 6,832,030 | 535,000 | 6,297,030 |
| School: | | | | | | | | | | |
| Refunding bond | 3,000,000 | 02/15/09 | 05/15/20 | 2.0%-5.0% | 45,863 | - | 45,863 | - | - | - |
| Refunding bond | 16,128,000 | 02/23/12 | 09/01/26 | 2.0%-4.0% | 9,078,424 | - | 1,483,350 | 7,595,074 | 1,487,000 | 6,108,074 |
| Pre K-5 school project | 15,003,836 | 11/01/16 | 11/01/36 | 2.0%-5.0% | 13,500,000 | - | 750,000 | 12,750,000 | 750,000 | 12,000,000 |
| Pre K-5 school project | 20,000,000 | 11/01/17 | 11/01/38 | 2.5%-5.0% | 19,000,000 | - | 1,000,000 | 18,000,000 | 1,000,000 | 17,000,000 |
| Pre K-5 school project | 7,000,000 | 10/18/18 | 10/15/38 | 3.5%-5.0% | 7,000,000 | - | 350,000 | 6,650,000 | 350,000 | 6,300,000 |
| Pre K-5 school project | 5,200,000 | 10/17/19 | 10/15/39 | 2.0%-5.0% | 5,200,000 | - | - | 5,200,000 | 260,000 | 4,940,000 |
| Total school | 66,331,836 | | | | 53,824,287 | - | 3,629,213 | 50,195,074 | 3,847,000 | 46,348,074 |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. Changes in long-term obligations (continued)

| Description | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 | Current Portion | Long-term Portion |
|--|-----------------|---------------|------------------|---------------|----------------------|---------------|---------------|-----------------------|-----------------|-------------------|
| Sewer: | | | | | | | | | | |
| Improvement bond | \$ 12,000,000 | 04/05/12 | 04/01/32 | 4.125%-5.5% | \$ 7,800,000 | \$ - | \$ 7,800,000 | \$ - | \$ - | \$ - |
| Improvement bond | 6,325,000 | 08/22/14 | 08/15/34 | 2.0%-4.0% | 5,052,446 | - | 319,550 | 4,732,896 | 318,000 | 4,414,896 |
| Refunding bond | 6,525,000 | 12/05/19 | 04/01/32 | 3.0%-5.0% | - | 6,525,000 | - | 6,525,000 | 505,000 | 6,020,000 |
| Total sewer | 24,850,000 | | | | 12,852,446 | 6,525,000 | 8,119,550 | 11,257,896 | 823,000 | 10,434,896 |
| Total bonds | 105,315,000 | | | | 74,505,000 | 6,525,000 | 12,745,000 | 68,285,000 | 5,205,000 | 63,080,000 |
| Notes - direct borrowings: | | | | | | | | | | |
| Energy notes | 54,064 | 06/16/17 | 06/16/21 | 0.00% | 27,030 | - | 13,515 | 13,515 | 13,515 | - |
| Lighting project note | 32,467 | 11/15/18 | 11/15/22 | 3.50% | 29,085 | - | 8,117 | 20,968 | 8,117 | 12,851 |
| Equipment financing notes: | | | | | | | | | | |
| Computer equipment | 1,126,178 | 04/27/16 | 04/27/20 | 3.25% | 295,639 | - | 295,639 | - | - | - |
| Town vehicles | 937,720 | 06/07/16 | 06/07/21 | 1.25%-2.50% | 269,226 | - | 133,467 | 135,759 | 135,759 | - |
| Computer equipment | 160,550 | 10/30/17 | 10/30/21 | 3.65% | 80,166 | - | 39,054 | 41,112 | 41,112 | - |
| Town vehicles | 727,497 | 12/06/17 | 12/06/21 | 1.40% | 395,560 | - | 163,241 | 232,319 | 114,861 | 117,458 |
| Tractor | 42,632 | 11/02/18 | 11/02/22 | 4.50% | 33,335 | - | 7,789 | 25,546 | 8,141 | 17,405 |
| Town vehicles | 104,436 | 01/10/19 | 01/10/21 | 3.99% | 68,253 | - | 33,459 | 34,794 | 34,794 | - |
| Dump truck | 53,696 | 01/14/19 | 01/14/22 | 4.50% | 42,000 | - | 9,823 | 32,177 | 10,261 | 21,916 |
| IT servers computer equipment | 323,989 | 06/21/19 | 06/30/22 | 3.93% | 254,471 | - | 60,243 | 194,228 | 62,439 | 131,789 |
| Computer equipment | 199,750 | 08/25/19 | 08/25/22 | 0.00% | - | 199,750 | 49,939 | 149,811 | 49,937 | 99,874 |
| Total notes | 4,018,340 | | | | 1,494,765 | 199,750 | 814,286 | 880,229 | 478,936 | 401,293 |
| Total bonds and notes | | | | | 75,999,765 | 6,724,750 | 13,559,286 | 69,165,229 | 5,683,936 | 63,481,293 |
| Premium | | | | | 3,759,869 | 404,295 | 710,591 | 3,453,573 | - | 3,453,573 |
| Total bonds, notes and related liabilities | | | | | 79,759,634 | 7,129,045 | 14,269,877 | 72,618,802 | 5,683,936 | 66,934,866 |
| Compensated absences | | | | | 1,758,700 | 1,633,562 | 754,610 | 2,637,652 | 659,413 | 1,978,239 |
| Landfill postclosure costs | | | | | 150,000 | - | 25,000 | 125,000 | 25,000 | 100,000 |
| Heart and hypertension | | | | | 352,183 | - | 169,128 | 183,055 | - | 183,055 |
| Net pension liability | | | | | 11,350,951 | 5,590,937 | 3,069,968 | 13,871,920 | - | 13,871,920 |
| Net OPEB liability | | | | | 3,551,118 | 635,864 | 1,090,500 | 3,096,482 | - | 3,096,482 |
| Total long-term obligations | | | | | \$ 96,922,586 | \$ 14,989,408 | \$ 19,379,083 | \$ 92,532,911 | \$ 6,368,349 | \$ 86,164,562 |

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

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. Changes in long-term obligations (continued)

The annual requirements to amortize bonds and notes payable are as follows:

| Fiscal Year End June 30 | Bonds | | | Notes | | |
|-------------------------------|----------------------|----------------------|----------------------|-------------------|------------------|-------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2021 | \$ 5,205,000 | \$ 2,426,814 | \$ 7,631,814 | \$ 478,936 | \$ 20,828 | \$ 499,764 |
| 2022 | 5,105,000 | 2,120,782 | 7,225,782 | 259,456 | 9,224 | 268,680 |
| 2023 | 5,110,000 | 1,901,630 | 7,011,630 | 141,837 | 3,347 | 145,184 |
| 2024 | 5,110,000 | 1,694,619 | 6,804,619 | - | - | - |
| 2025 | 4,868,926 | 1,499,297 | 6,368,223 | - | - | - |
| 2026 | 4,300,000 | 1,326,931 | 5,626,931 | - | - | - |
| 2027 | 3,826,074 | 1,179,813 | 5,005,887 | - | - | - |
| 2028 | 3,660,000 | 1,041,844 | 4,701,844 | - | - | - |
| 2029 | 3,660,000 | 911,913 | 4,571,913 | - | - | - |
| 2030 | 3,660,000 | 788,225 | 4,448,225 | - | - | - |
| 2031 | 3,655,000 | 673,981 | 4,328,981 | - | - | - |
| 2032 | 3,645,000 | 567,961 | 4,212,961 | - | - | - |
| 2033 | 3,090,000 | 458,700 | 3,548,700 | - | - | - |
| 2034 | 3,090,000 | 362,981 | 3,452,981 | - | - | - |
| 2035 | 2,880,000 | 271,031 | 3,151,031 | - | - | - |
| 2036 | 2,470,000 | 189,598 | 2,659,598 | - | - | - |
| 2037 | 2,470,000 | 114,628 | 2,584,628 | - | - | - |
| 2038 | 1,610,000 | 51,990 | 1,661,990 | - | - | - |
| 2039 | 610,000 | 16,685 | 626,685 | - | - | - |
| 2040 | 260,000 | 3,250 | 263,250 | - | - | - |
| Totals | <u>\$ 68,285,000</u> | <u>\$ 17,602,673</u> | <u>\$ 85,887,671</u> | <u>\$ 880,229</u> | <u>\$ 33,399</u> | <u>\$ 913,628</u> |

In August 2020, the Town issued \$10,000,000 of general obligation bonds that mature in August 2040, and carry coupon interest rates of 3.00% - 4.00%. The bonds were issued to fund sewer projects.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. Changes in long-term obligations (continued)**2. Assets pledged as collateral**

The Town's outstanding equipment financing notes of \$880,229 are secured with collateral of the equipment purchased.

3. 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 Limitation | Net Indebtedness | Balance |
|-----------------|--------------------|---------------------|----------------|
| General purpose | \$ 153,465,726 | \$ 9,154,554 | \$ 144,311,172 |
| Schools | 306,931,453 | 50,195,074 | 256,736,379 |
| Sewers | 255,776,211 | 11,257,896 | 244,518,315 |
| Urban renewal | 221,672,716 | - | 221,672,716 |
| Pension deficit | 204,620,969 | - | 204,620,969 |

The total overall statutory debt limit for the Town is equal to seven times prior year annual receipts from taxation, \$477,448,927.

4. Authorized/unissued bonds

The amount of authorized unissued bonds for improvements to the Town's school building renovations is \$21,796,164.

5. Current year advance refunding

In December 2019, the Town issued \$6,525,000 general obligation refunding bonds with interest rates of 3.00%-5.00%. These refunding bonds were issued to defease bonds issued in 2012. The refunding resulted in an economic gain of \$592,170 and a total savings of \$645,204.

6. 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 5 years at \$25,000 per year are \$125,000. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

H. Fund balances and restricted net position

Fund balances are composed of the following:

| Fund Balance Component | General Fund | Sewer Usage Fund | Pre K-5 School Construction Fund | Capital Nonrecurring Fund | Other Governmental Funds | Total |
|---------------------------------|-----------------|------------------------|---|---------------------------------|--------------------------------|---------------|
| <u>Nonspendable:</u> | | | | | | |
| Prepaid | \$ 561,080 | \$ - | \$ - | \$ - | \$ - | \$ 561,080 |
| <u>Restricted:</u> | | | | | | |
| Public safety programs | - | - | - | - | 25,003 | 25,003 |
| Highway department programs | - | - | - | - | 462,470 | 462,470 |
| Sanitation and waste removal | - | 93,076 | - | - | 1,932,664 | 2,025,740 |
| Human services programs | - | - | - | - | 14,140 | 14,140 |
| Housing rehabilitation programs | - | - | - | - | 222,270 | 222,270 |
| Cafeteria operations | - | - | - | - | 47,633 | 47,633 |
| Total restricted | - | 93,076 | - | - | 2,704,180 | 2,797,256 |
| <u>Committed:</u> | | | | | | |
| General government programs | - | - | - | - | 247,115 | 247,115 |
| Capital projects | - | - | 1,940,018 | 6,288,475 | - | 8,228,493 |
| Total committed | - | - | 1,940,018 | 6,288,475 | 247,115 | 8,475,608 |
| <u>Assigned:</u> | | | | | | |
| Subsequent years' budget | 400,000 | - | - | - | - | 400,000 |
| General government programs | 161,923 | - | - | - | 1,164,753 | 1,326,676 |
| Public safety programs | - | - | - | - | 43,443 | 43,443 |
| Sanitation and waste removal | - | - | - | - | 31,569 | 31,569 |
| Recreation programs | - | - | - | - | 51,774 | 51,774 |
| Education programs | 180,739 | - | - | - | 210,588 | 391,327 |
| Total assigned | 742,662 | - | - | - | 1,502,127 | 2,244,789 |
| Unassigned | 14,414,195 | - | - | - | (49,926) | 14,364,269 |
| Total | \$ 15,717,937 | \$ 93,076 | \$ 1,940,018 | \$ 6,288,475 | \$ 4,403,496 | \$ 28,443,002 |

General Fund encumbrances totaled \$342,662.

The amount of restricted net position which was restricted by enabling legislation totaled \$2,073,373.

I. Deficit fund balances

The Bonded capital projects fund had a deficit fund balance at year end of \$49,926. The deficit will be reduced or eliminated in future years by issuance of debt.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

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 an internal service fund to account for and finance the retained risk of loss for Town employees medical benefits. 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 Town has also established an internal service fund to account for the general liability and property damage claims for the Town Dock.

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 July 1 | Current year Claims and Changes in Estimates | Claims Paid | Claims Payable June 30 |
|--------------------------|-----------------------------|---|----------------|------------------------------|
| <u>Medical Insurance</u> | | | | |
| 2018-2019 | \$ 510,000 | \$ 5,309,436 | \$ 5,375,436 | \$ 444,000 |
| 2019-2020 | 444,000 | 4,603,222 | 4,704,222 | 343,000 |

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.

Town of Stonington, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2020****A. Risk management (continued)**

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.

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 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. Contingencies*Coronavirus*

In March 2020, the United States declared the outbreak of Coronavirus a national emergency. Similarly, the Governor of the State of Connecticut declared a state of emergency and has since issued over 70 executive orders regarding the pandemic. One of the most significant executive orders required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and payment deferral program. The interest rate reduction program reduced the interest rate charged on delinquent taxes/user fees from 18% to 3% for the period April 1, 2020 through October 1, 2020. The payment deferral program also was effective April 1, 2020 for local governments with quarterly payments and July 1, 2020 for those with semi-annual payments. This program allowed taxpayers/rate payers to defer payment of amounts due without incurring any penalty interest until October 1, 2020. The Town implemented the tax deferment program. The impact of this program on property tax and user fee revenues and delinquent interest collections was not significant during this period.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Contingencies (continued)

The state of emergency has had a negative impact on the Town's economically sensitive revenues such as park and recreation program fees, cafeteria charges, interest earnings and certain other charges for services for the last quarter of the fiscal year and the impact continues into the 2021 fiscal year. On the expenditure side, expenditures for health and safety measures, including additional personnel costs, technology and supplies are expected to increase and may exceed adopted budgets. There continues to be uncertainty related to the duration, possible reemergence and future severity of the pandemic, as well as to what actions may be taken by the Federal government, the State of Connecticut and health care authorities to contain or mitigate its effects. This includes the nature and extent of any financial support.

The Town is continuously monitoring its financial condition and will take proactive measures as necessary to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the complete impact on the Town's future financial position at this time.

V. Pensions and other post-employment benefit ("OPEB") plans**A. Town pension plans****1. Plan description****a. Plan administration**

The Town contributes to two single employer Public Employee Retirement Systems ("PERS"), the Town of Stonington Noncontributory Pension Program and the Town of Stonington Contributory Pension Program. The plans are administered by a Selectmen appointed five-member retirement board. The responsibility for the holding and investment of plan assets lies with the trustee appointed by the Selectmen. The 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 PERS is closed to employees hired after September 15, 2013. These plans do not issue separate stand-alone financial reports.

b. Plan membership

At July 1, 2019, PERS membership is comprised of the following:

| | |
|---|-------------|
| Active members | 123 |
| Terminated employees entitled to benefits | 48 |
| Retirees, disabled employees, and beneficiaries receiving benefits | 157 |
| | <hr/> |
| Total | 328 |
| | <hr/> <hr/> |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)**2. Benefit provisions**

| | Noncontributory | Contributory |
|---------------------|--|---|
| Normal retirement | Normal retirement is the earlier of the member having reached his 62 nd birthday or having completed 35 years of credited service. The plan also provides for an actuarially reduced earlier retirement date death and disability benefits | Normal retirement is the earlier of the member having reached his 62 nd birthday or having completed 35 years of credited service. The plan also provides for an actuarially reduced earlier retirement date death and disability benefits |
| Benefit calculation | 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 | 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 |
| Vesting service | 50% vested after 10 years of service, fully vested after 15 years of service | 50% vested after 5 years of service, fully vested after 10 years of service |

3. Contributions

| | Noncontributory | Contributory |
|---------------|---|--|
| Contributions | Participants are not required to contribute | Participants are required to contribute 3.00% of their annual salary |

4. Investments**a. Investment policy**

The pension plans' 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.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

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:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of |
|-----------------------------------|----------------------|---------------------------------------|
| Core plus fixed income | 30.50% | 1.45% |
| Global fixed income | 3.50% | 1.65% |
| Large cap | 28.25% | 4.75% |
| Small cap | 7.50% | 5.15% |
| Developed international equities | 19.25% | 5.45% |
| Emerging international equities | 6.50% | 6.25% |
| Commodities | 1.50% | 2.35% |
| Short duration | 3.00% | 0.35% |
| Total | <u>100.00%</u> | |
| Long-term inflation expectation | | 2.60% |
| Long-term expected nominal return | | 6.34% |

b. Concentrations

There were no investments in any one organization that represented 5.00% or more of the pension plan's net position.

c. 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 (see the discussion of the pension plan's investment policy) are summarized in the preceding table.

d. Annual money-weighted rate of return

The annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 0.52%. The money-weighted rate of return expresses investment performance net of investment expense adjusted for the changing amounts actually invested.

5. Net pension liability

The Town's net pension liability is \$6,113,736. The components of the net pension liability were as follows:

| | |
|---|---------------------|
| Total pension liability | \$40,301,965 |
| Plan fiduciary net position | <u>34,188,229</u> |
| Net pension liability | <u>\$ 6,113,736</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>84.83%</u> |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)**6. Actuarial methods and significant assumptions**

The net pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|---|
| Valuation Date | July 1, 2019 |
| Actuarial cost method | Entry age normal |
| Asset valuation method | Fair value |
| Investment rate of return | 6.50% |
| Inflation | 2.60% |
| Salary increases | Graded from 6.25% to 2.75% |
| Cost of living adjustments | None |
| Mortality rates | RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2019 |

7. Changes from prior year**a. Changes in assumptions**

- The investment rate of return reduced from 6.625% to 6.50%.
- Mortality was updated to RP-2014 Total Dataset Mortality Tables, projected to valuation date with Scale MP-2019 from RP-2014 Total Dataset Mortality Tables, projected to valuation date with Scale MP-2018.

b. Changes in benefit terms

There were no changes in benefit terms.

8. Discount rate

The discount rate used to measure the total pension liability was 6.50%. 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 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.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)**9. Changes in net position liability**

The Town's net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The changes in net pension liability were as follows:

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at July 1, 2019 | \$ 39,371,318 | \$ 34,688,289 | \$ 4,683,029 |
| Service cost | 671,928 | - | 671,928 |
| Interest | 2,593,883 | - | 2,593,883 |
| Differences between expected and actual experience | (911,581) | - | (911,581) |
| Changes in assumptions | 386,031 | - | 386,031 |
| Contributions - employer | - | 992,018 | (992,018) |
| Contributions - member | - | 185,121 | (185,121) |
| Net investment income | - | 179,820 | (179,820) |
| Benefit payments, including refunds of member contributions | (1,809,614) | (1,809,614) | - |
| Administrative expenses | - | (47,405) | 47,405 |
| Net change | 930,647 | (500,060) | 1,430,707 |
| Balance at June 30, 2020 | <u>\$40,301,965</u> | <u>\$ 34,188,229</u> | <u>\$ 6,113,736</u> |

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

The following presents the net pension liability calculated using the discount rate 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 or 1-percentage point higher than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-----------------------|----------------------|--------------------------|---------------------|
| Net pension liability | <u>\$ 10,570,482</u> | <u>\$ 6,113,736</u> | <u>\$ 2,325,788</u> |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)**11. Pension expense and deferred outflows and inflows of resources**

The Town recognized pension expense of \$1,470,838.

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description of Outflows/Inflows | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|---|--------------------------------------|-------------------------------------|----------------------------|
| Differences between expected and actual experience | \$ - | \$ (673,645) | \$ (673,645) |
| Changes in assumptions | 391,815 | - | 391,815 |
| Net difference between projected and actual earnings on pension plan investments | <u>1,706,655</u> | <u>-</u> | <u>1,706,655</u> |
| Total | <u><u>\$ 2,098,470</u></u> | <u><u>\$ (673,645)</u></u> | <u><u>\$ 1,424,825</u></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 employees, which was 2.9 years.

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

| Year Ending June 30, | |
|-------------------------|----------------------------|
| 2021 | \$ 88,223 |
| 2022 | 396,192 |
| 2023 | 521,186 |
| 2024 | <u>419,224</u> |
| Total | <u><u>\$ 1,424,825</u></u> |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system**1. Plan description**

The Connecticut Municipal Employees' Retirement System ("MERS") is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. MERS is a cost-sharing defined benefit pension plan administered by the Connecticut State Retirement Commission.

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 4 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

2. Benefit provisions

| Normal retirement | |
|----------------------------|--|
| General Employees | Age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service |
| Police and Firemen | Compulsory retirement age is age 65 |
| Benefit calculation | 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 |
| With social security | 1.50% of the average final compensation not in excess of the year's breakpoint plus 2.00% of average final compensation in excess of the year's breakpoint, times years of service. 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 |
| Without social security | 2.00% of average final compensation, times years of service |
| Final average compensation | Average of the three highest paid years of service |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

| | |
|--|--|
| Early retirement | 5 years of continuous service or 15 years of active aggregate service |
| Early retirement amount | Calculated on the basis of average final compensation and service to date of termination. Deferral to normal retirement age, or an actuarially reduced allowance may begin at the time of separation |
| Service connected disability amount | 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 |
| Non-service connected disability service requirement | 10 years of service |
| Non-service connected disability service amount | Calculated based on compensation and service to the date of the disability |
| Pre-retirement death benefit amount | Lump-sum return of contributions with interest of if vested and married, the surviving spouse will receive a lifetime benefit |
| Cost of living increases | 2.50% - 6.00% depending on retirement date and increase in CPI |

3. ContributionsEmployer

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 5.00% of compensation.

For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5.00% of compensation, if any, in excess of such base.

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

The Town reported \$7,758,184 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The Town's proportion of the net pension liability was based upon the Town's 2019 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share was 2.386865% for the Police sub plan. The Town's proportional share in the sub plan decreased 0.060461% from the prior year.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

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.

For the fiscal year, the Town recognized pension expense of \$2,095,656. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description of Outflows/Inflows | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows and Inflows |
|--|--------------------------------------|-------------------------------------|---|
| Net difference between projected and actual earnings on pension plan investments | \$ 242,270 | \$ - | \$ 242,270 |
| Change in assumptions | 1,700,163 | - | 1,700,163 |
| Change in proportional share | 22,714 | (189,871) | (167,157) |
| Differences between expected and actual experience | 859,526 | (223,286) | 636,240 |
| Town contributions subsequent to measurement date | <u>637,052</u> | <u>-</u> | <u>637,052</u> |
| Total | <u>\$ 3,461,725</u> | <u>\$ (413,157)</u> | 3,048,568 |
| Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year | | | <u>(637,052)</u> |
| Net amortized amount of deferred inflows and outflows | | | <u>\$ 2,411,516</u> |

Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | |
|-------------------------|---------------------|
| 2021 | \$ 1,004,489 |
| 2022 | 564,369 |
| 2023 | 682,313 |
| 2024 | <u>160,345</u> |
| Total | <u>\$ 2,411,516</u> |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)**5. Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|---|
| Investment rate of return | 7.00% |
| Inflation | 2.50% |
| Salary increases | 3.50-10.00%, including inflation |
| Cost of living adjustments | Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6.00%. The minimum annual COLA is 2.50%, the maximum is 6.00% |
| Mortality rates | Mortality rates were based on RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used |

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a statistical 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:

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

| Asset Class | Allocation | Long-Term Target Expected Real Rate of Return |
|--------------------------------|----------------|---|
| Domestic equity | 20.00% | 5.30% |
| Developed market international | 11.00% | 5.10% |
| Emerging market international | 9.00% | 7.40% |
| Core fixed income | 16.00% | 1.60% |
| Inflation linked bond | 5.00% | 1.30% |
| Emerging market debt | 5.00% | 2.90% |
| High yield bond | 6.00% | 3.40% |
| Real estate | 10.00% | 4.70% |
| Private equity | 10.00% | 7.30% |
| Alternative investments | 7.00% | 3.20% |
| Liquidity fund | 1.00% | 0.90% |
| Total | <u>100.00%</u> | |

6. Discount rate

The discount rate used to measure the total pension liability was 7.00%. 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.

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

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

| | 1% Decrease | Current Discount Rate | 1% Decrease |
|--|---------------------|-----------------------------|---------------------|
| Town's proportional share of the net pension liability | <u>\$11,325,188</u> | <u>\$7,758,184</u> | <u>\$ 4,798,489</u> |

8. Plan fiduciary net position

Detailed information about the MERS 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, 2019.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system**1. 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.

2. Benefit provisions

| | |
|--|--|
| Normal retirement | 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 |
| Benefit calculation | 2.00% 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) |
| Early retirement | 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 |
| Early retirement amount | Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% 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 3.00% per year by which retirement precedes normal retirement date |
| Service connected disability amount | 2.00% 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 |
| Non-service connected disability service requirement | Five years of credited service |
| Vesting - service | 10 years of service |
| Vesting - amount | 100% |
| Pre-retirement death benefit amount | Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system (continued)**3. Contributions****State 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

Each teacher is required to contribute 7.00% of their salary for the pension benefit.

4. 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>68,011,051</u> |
| Total | <u><u>\$ 68,011,051</u></u> |

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net pension liability.

During the year the Town recognized pension expense and revenue of \$5,148,074 for on-behalf amounts for contributions to the plan by the State.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system (continued)**5. Actuarial assumptions**

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

| | |
|---------------------------|--|
| Investment rate of return | 6.90% |
| Inflation | 2.50% |
| Salary increases | 3.25-6.50%, including inflation |
| Mortality rates | Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale |

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3.00% and a maximum of 5.00% 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 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. 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 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Changes in assumptions and inputs

- The inflation assumption was decreased from 2.75% to 2.50%.
- The investment rate of return was decreased from 8.00% to 6.90%.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system (continued)**Long-term expected rate of return**

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 geometric rates of return for each major class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--|----------------------|--|
| Public equity - US equity | 20.00% | 8.10% |
| Public equity - international developed equity | 11.00% | 8.50% |
| Public equity - emerging markets equity | 9.00% | 10.40% |
| Fixed income - core fixed income | 16.00% | 4.60% |
| Fixed income - inflation linked bonds | 5.00% | 3.60% |
| Fixed income - high yield | 6.00% | 6.50% |
| Fixed income - emerging market debt | 5.00% | 5.20% |
| Private equity | 10.00% | 9.80% |
| Real estate | 10.00% | 7.00% |
| Alternative investments - real assets | 4.00% | 8.20% |
| Alternative investments - hedge funds | 3.00% | 5.40% |
| Liquidity fund | 1.00% | 2.90% |
| Total | <u>100.0%</u> | |

6. Discount rate

The discount rate used to measure the total pension liability was 6.90%. 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 State 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
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system (continued)**7. 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.

8. 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, 2019.

D. Total pension plans

| | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|-------|--------------------------|--------------------------------------|-------------------------------------|---------------------|
| PERS | \$ 6,113,736 | \$ 2,098,470 | \$ 673,645 | \$ 1,470,838 |
| MERS | 7,758,184 | 3,461,725 | 413,157 | 2,095,656 |
| Total | <u>\$ 13,871,920</u> | <u>\$ 5,560,195</u> | <u>\$ 1,086,802</u> | <u>\$ 3,566,494</u> |

E. Other post-employment benefit plan**1. Plan description****a. Plan administration**

The Town administers a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions ("OPEB") for certain full-time employees. Management of the plan is vested in the Board of Finance. The plan does not issue stand-alone financial reports.

b. Plan membership

As of July 1, 2019, the following employees are covered by the benefit terms:

| | |
|---|------------|
| Active members | 393 |
| Retirees, disabled employees, and beneficiaries receiving benefits | <u>38</u> |
| Total | <u>431</u> |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit plan (continued)**2. Benefit provisions**

The Town 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. Benefits are provided by a third party insurer and the full cost of benefits is covered by the plan.

3. Contributions

The Town's contributions are actuarially determined on an annual basis using the entry age normal method. The Town's total contribution to the plan was \$635,767. There are no required employee contributions. Retired employees are required to contribute 100% of the premium.

4. Investments**a. Investment policy**

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement 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 following was the Board's adopted asset allocation policy for the OPEB plan:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------|----------------------|--|
| U.S. equity market | 39.05% | 5.75% |
| Global equity | 0.90% | 5.80% |
| U.S. core fixed income | 51.10% | 1.75% |
| U.S. government bonds | 2.45% | 2.25% |
| Cash | 6.50% | 0.50% |
| Total | <u>100.00%</u> | |

b. Concentrations

There were no investments in any one organization that represents 5.00% or more of the OPEB plan's net position.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit plan (continued)**c. Rate of return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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. Best estimates of geometric means real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the preceding table.

d. Annual money-weighted rate of return

The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 2.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net OPEB liability

The Town's net OPEB liability of \$3,096,482 was measured as of June 30, 2020, and was determined by an actuarial valuation as July 1, 2019.

| | |
|--|---------------------|
| Total OPEB liability | \$ 4,915,239 |
| Plan fiduciary net position | <u>1,818,757</u> |
| Net OPEB liability | <u>\$ 3,096,482</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>37.00%</u> |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit plan (continued)**6. Actuarial methods and significant assumptions**

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

| | |
|------------------------------|---|
| Valuation date | July 1, 2019 |
| Actuarial cost method | Entry age normal |
| Asset valuation method | Fair value |
| Discount rate | 6.25% |
| Salary increases | 2.60% |
| Inflation | 2.60% |
| Healthcare cost trend rates: | |
| Initial medical trend rate | 6.50% |
| Ultimate medical trend rate | 4.60% |
| Mortality rates | RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2019 |

The valuation results provided in this report reflect a best estimate of the potential impact of the Patient Protection and Affordable Care Act (PPACA). Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future.

7. Changes from prior year**a. Changes in assumptions**

- The initial healthcare cost trend rate was reduced from 7.00% to 6.50%
- The mortality changed from RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018 to Scale MP-2019

b. Changes in benefit terms

There were no changes in benefit terms.

8. Discount rate

The discount rate used to measure the total OPEB liability was 6.25% for the OPEB plan. 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 the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit plan (continued)**9. Changes in the net OPEB liability**

The Town's OPEB liability was measured at June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

| | Increase (Decrease) | | |
|---|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance at July 1, 2019 | \$ 5,111,155 | \$ 1,560,037 | \$ 3,551,118 |
| Service cost | 139,505 | - | 139,505 |
| Interest | 313,629 | - | 313,629 |
| Differences between expected and actual experience | (345,172) | - | (345,172) |
| Changes in assumptions | 168,470 | - | 168,470 |
| Contributions - employer | - | 696,348 | (696,348) |
| Net investment income | - | 48,980 | (48,980) |
| Benefit payments, including refunds of member contributions | (472,348) | (472,348) | - |
| Administrative expenses | - | (14,260) | 14,260 |
| Net change | (195,916) | 258,720 | (454,636) |
| Balance at June 30, 2020 | <u>\$ 4,915,239</u> | <u>\$ 1,818,757</u> | <u>\$ 3,096,482</u> |

10. Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--------------------|---------------------|--------------------------|---------------------|
| Net OPEB Liability | <u>\$ 3,580,345</u> | <u>\$ 3,096,482</u> | <u>\$ 2,676,094</u> |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit plan (continued)**11. Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate**

The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|--------------------|---------------------|-------------------------------|---------------------|
| Net OPEB Liability | <u>\$ 2,606,761</u> | <u>\$ 3,096,482</u> | <u>\$ 3,667,593</u> |

12. OPEB expense and deferred outflows of resources related to OPEB

For the fiscal year the Town recognized OPEB expense of \$169,079. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| <u>Description of Outflows/Inflows</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Net</u> |
|---|---|--|----------------------|
| Differences between expected and actual experience | \$ 97,471 | \$ (1,774,393) | \$(1,676,922) |
| Changes in assumptions | 238,850 | - | 238,850 |
| Net difference between projected and actual earnings on OPEB plan investments | <u>64,512</u> | <u>-</u> | <u>64,512</u> |
| Total | <u>\$ 400,833</u> | <u>\$ (1,774,393)</u> | <u>\$(1,373,560)</u> |

Changes in assumptions and differences between expected and actual experience are amortized over 20 years. Actual investment earnings below (or above) projected earnings are amortized over 5 years.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit plan (continued)

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

| Year Ending June 30, | |
|-------------------------|-----------------------|
| 2021 | \$ (133,775) |
| 2022 | (131,132) |
| 2023 | (138,871) |
| 2024 | (141,434) |
| 2025 | (152,431) |
| Thereafter | <u>(675,917)</u> |
| Total | <u>\$ (1,373,560)</u> |

F. Retiree health care defined contribution plan

The Town has a defined contribution healthcare plan covering police officers that was established in July 2017. 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 were \$62,716 and \$62,716 respectively.

G. Connecticut state teacher's retirement board retiree health insurance plan**1. Plan description**

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. Connecticut state teacher's retirement board retiree health insurance plan (continued)**2. Benefit provisions**

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

| | |
|--|---|
| Normal retirement | 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 |
| Early retirement | 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 |
| Service connected disability service requirement | No service requirement |
| Non-service connected disability service requirement | Five years of credited service |
| Vesting - service | 10 years of service |

Retiree health care coverage

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

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. Connecticut state teacher's retirement board retiree health insurance plan (continued)**Survivor health care coverage**

Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

3. Contributions**State of Connecticut**

Per Connecticut General Statutes Section 10-183z, 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 State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (school districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary.

4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

The Town reports no amounts for its proportionate share of the net OPEB 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 OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

| | |
|---|----------------------|
| Town's proportionate share of the net OPEB liability | \$ - |
| State's proportionate share of the net OPEB liability associated with the Town | <u>10,606,708</u> |
| Total | <u>\$ 10,606,708</u> |

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net OPEB liability.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. Connecticut state teacher's retirement board retiree health insurance plan (continued)

The Town recognized OPEB expense and revenue of \$140,701 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

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

| | |
|---|--|
| Investment rate of return | 3.00% |
| Inflation | 2.50% |
| Health care cost trend rate | |
| Pre-Medicare | 5.95% decreasing to 4.75% by 2025 |
| Medicare | 5.00% decreasing to 4.75% by 2028 |
| Salary increases | 3.25-6.50%, including inflation |
| Mortality rates | Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale |
| Year fund net position will be depleted | 2020 |

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Changes in assumptions and inputs

- The discount rate was decreased from 3.87% to 3.50% to reflect the change in the Municipal Bond Index rate.

Additionally, expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased and the Real Wage Growth assumption was increased.

Long-term expected rate of return

The long-term expected rate of return on OPEB 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 OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. Connecticut state teacher's retirement board retiree health insurance plan (continued)

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 3.00%.

6. Discount rate

The discount rate used to measure the total OPEB liability was 3.50%. The Municipal Bond Index Rate was used in the determination in the discount rate. 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 no future employer contributions were assumed to be made.

7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate

The Town's proportionate share of the net OPEB liability is \$0 and, therefore, the changes in the discount rate and the health care cost trend rate would only impact the amount recorded by the State of Connecticut.

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' OPEB 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, 2019.

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

H. Pension and other post-employment benefit plan statements

Pension and OPEB Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2020

| | Pension Trust Fund | Town OPEB Trust Fund | Police OPEB Defined Contribution Trust Fund | Total Pension and OPEB Trust Funds |
|--------------------------|--------------------------|----------------------------|--|---|
| <u>Assets</u> | | | | |
| Cash | \$ - | \$ 31,857 | \$ 83,685 | \$ 115,542 |
| Contributions receivable | 18,881 | - | - | 18,881 |
| Investments: | | | | |
| Mutual funds: | | | | |
| Money market | 185,194 | - | - | 185,194 |
| Fixed income | - | 418,673 | 567,231 | 985,904 |
| Bond | 11,638,596 | - | 625,288 | 12,263,884 |
| Equity | 22,345,558 | 600,215 | 433,971 | 23,379,744 |
| Equities | - | 486,851 | 194,581 | 681,432 |
| Municipal bonds | - | 21,445 | 156,093 | 177,538 |
| Corporate bonds | - | 259,716 | 102,936 | 362,652 |
| Total investments | 34,169,348 | 1,786,900 | 2,080,100 | 38,036,348 |
| Total assets | 34,188,229 | 1,818,757 | 2,163,785 | 38,170,771 |
| <u>Net Position</u> | | | | |
| Restricted for: | | | | |
| Pension benefits | 34,188,229 | - | - | 34,188,229 |
| OPEB benefits | - | 1,818,757 | 2,163,785 | 3,982,542 |
| Total net position | \$ 34,188,229 | \$ 1,818,757 | \$ 2,163,785 | \$ 38,170,771 |

Town of Stonington, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

H. Pension and other post-employment benefit plan statements (continued)

Pension and OPEB Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020

| | Pension Trust Fund | Town OPEB Trust Fund | Police OPEB Defined Contribution Trust Fund | Total Pension and OPEB Trust Funds |
|---|--------------------------|----------------------------|--|---|
| Additions: | | | | |
| Contributions: | | | | |
| Employer | \$ 992,018 | \$ 696,348 | \$ 62,716 | \$ 1,751,082 |
| Employee | 185,121 | - | 62,716 | 247,837 |
| Total contributions | 1,177,139 | 696,348 | 125,432 | 1,998,919 |
| Investment income (loss): | | | | |
| Net change in fair value of investments | (571,223) | 19,911 | 24,225 | (527,087) |
| Interest and dividends | 782,394 | 45,291 | 51,688 | 879,373 |
| Total investment income (loss) | 211,171 | 65,202 | 75,913 | 352,286 |
| Less investment expense | 31,351 | 16,222 | - | 47,573 |
| Net investment income (loss) | 179,820 | 48,980 | 75,913 | 304,713 |
| Total additions | 1,356,959 | 745,328 | 201,345 | 2,303,632 |
| Deductions: | | | | |
| Benefits | 1,809,614 | 472,348 | 4,069 | 2,286,031 |
| Administration | 47,405 | 14,260 | 20,373 | 82,038 |
| Total deductions | 1,857,019 | 486,608 | 24,442 | 2,368,069 |
| Change in net position | (500,060) | 258,720 | 176,903 | (64,437) |
| Net position - July 1, 2019 | 34,688,289 | 1,560,037 | 1,986,882 | 38,235,208 |
| Net position - June 30, 2020 | \$ 34,188,229 | \$ 1,818,757 | \$ 2,163,785 | \$ 38,170,771 |

VI. Fund reclassifications

The Capital Nonrecurring fund has been reclassified from a nonmajor fund to a major fund. As a result, the other governmental funds fund balance decreased by \$4,081,886.

Required Supplementary Information

| Type | Description |
|---|--|
| Budgetary | Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund |
| | Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund |
| | Notes to Required Supplementary Information - Budgets and Budgetary Accounting |
| | |
| <u>Pension Plans</u> Employees Municipal Employees' Retirement System State Teachers' Retirement System | Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns |
| | Schedule of Proportionate Share of the Net Pension Liability |
| | Schedule of Contributions |
| | Notes to Required Supplementary Information |
| | |
| <u>Other Post-Employment Benefits Plans</u> OPEB State Teacher's Retirement Board Retiree Health Insurance Plan | Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns |
| | Schedule of Proportionate Share of the Net OPEB Liability |
| | Schedule of Contributions |
| | Notes to Required Supplementary Information |

Town of Stonington, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|---------------|----------------------------------|
| Property taxes: | | | | | |
| Current levy | \$ 64,432,159 | \$ - | \$ 64,432,159 | \$ 64,569,509 | \$ 137,350 |
| Prior year taxes | 450,000 | - | 450,000 | 249,998 | (200,002) |
| Motor vehicle supplement | 425,000 | - | 425,000 | 473,763 | 48,763 |
| Interest and lien fees | 250,000 | - | 250,000 | 250,787 | 787 |
| Telephone access line | 45,000 | - | 45,000 | 44,762 | (238) |
| Total property taxes | 65,602,159 | - | 65,602,159 | 65,588,819 | (13,340) |
| Intergovernmental: | | | | | |
| State grants for education: | | | | | |
| Education cost sharing grant | 1,211,340 | - | 1,211,340 | 1,188,209 | (23,131) |
| Nonpublic health services | 8,000 | - | 8,000 | 7,935 | (65) |
| Total State grants for education | 1,219,340 | - | 1,219,340 | 1,196,144 | (23,196) |
| State grants for reimbursement on revenue loss: | | | | | |
| Reimbursement disabled | - | - | - | 1,608 | 1,608 |
| Veterans' exemption | - | - | - | 15,808 | 15,808 |
| Municipal revenue sharing | 100,332 | - | 100,332 | 100,332 | - |
| Municipal stabilization grant | 218,992 | - | 218,992 | 218,992 | - |
| Grant proceeds - Federal | - | - | - | 1,148 | 1,148 |
| Mashantucket Pequot grant | - | - | - | 30,000 | 30,000 |
| Total state grants for reimbursement on revenue loss | 319,324 | - | 319,324 | 367,888 | 48,564 |
| State grants for other purposes: | | | | | |
| Parking ticket surcharge | 5,000 | - | 5,000 | 11,398 | 6,398 |
| Youth services | 15,000 | - | 15,000 | 18,150 | 3,150 |
| Civil preparedness | 9,000 | - | 9,000 | 9,185 | 185 |
| CARES unemployment insurance | - | - | - | 32,496 | 32,496 |
| Total state grants for other purposes | 29,000 | - | 29,000 | 71,229 | 42,229 |
| Total intergovernmental | 1,567,664 | - | 1,567,664 | 1,635,261 | 67,597 |
| Charges for services: | | | | | |
| Town hall bags | - | - | - | 545,639 | 545,639 |
| Solid waste disposal fees | 1,490,000 | - | 1,490,000 | 1,047,433 | (442,567) |
| SCRRRA transportation | 90,000 | - | 90,000 | 84,071 | (5,929) |
| Landfill recycling | 50,000 | - | 50,000 | 37,667 | (12,333) |
| Tipping fees | 140,000 | - | 140,000 | 161,505 | 21,505 |
| Building rental/miscellaneous | 1,000 | - | 1,000 | 600 | (400) |
| Tuition other Town | 15,000 | - | 15,000 | 52,187 | 37,187 |
| Miscellaneous revenue | 10,000 | - | 10,000 | 79,198 | 69,198 |
| Accident reports | 1,500 | - | 1,500 | 2,126 | 626 |
| Data processing revenue | 23,000 | - | 23,000 | 28,910 | 5,910 |
| In lieu of taxes housing authority | 3,500 | - | 3,500 | 3,693 | 193 |
| Payment in lieu of taxes | 243,000 | - | 243,000 | 267,993 | 24,993 |
| GIS revenues | 500 | - | 500 | 260 | (240) |
| Animal control facility | - | - | - | 1,680 | 1,680 |
| Utility billing revenue offset | 12,000 | - | 12,000 | 12,000 | - |
| Vehicle use outside jobs | 80,000 | - | 80,000 | 157,681 | 77,681 |
| Admin / miscellaneous fees | 15,000 | 5,000 | 20,000 | 28,367 | 8,367 |
| Total charges for services | 2,174,500 | 5,000 | 2,179,500 | 2,511,010 | 331,510 |

(Continued)

Town of Stonington, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|---------------|----------------------------------|
| Licenses and permits: | | | | | |
| Building permits | \$ 300,000 | \$ - | \$ 300,000 | \$ 362,390 | \$ 62,390 |
| Conveyance taxes | 400,000 | - | 400,000 | 375,586 | (24,414) |
| Town clerk's fees | 180,000 | - | 180,000 | 191,829 | 11,829 |
| Alarm registration | 5,500 | - | 5,500 | 5,115 | (385) |
| Wetlands permits | 4,000 | - | 4,000 | 2,600 | (1,400) |
| P & Z and zoning board fees | 70,000 | - | 70,000 | 75,091 | 5,091 |
| Total licenses and permits | 959,500 | - | 959,500 | 1,012,611 | 53,111 |
| Fines and forfeits: | | | | | |
| Parking fines | 5,000 | - | 5,000 | 3,575 | (1,425) |
| Alarm penalties | 2,000 | - | 2,000 | 1,725 | (275) |
| Total fines and forfeits | 7,000 | - | 7,000 | 5,300 | (1,700) |
| Total charges for services | 3,141,000 | 5,000 | 3,146,000 | 3,528,921 | 382,921 |
| Use of money and property: | | | | | |
| Interest income | 150,000 | - | 150,000 | 265,648 | 115,648 |
| Rental | 55,000 | - | 55,000 | 59,419 | 4,419 |
| Loan repayment SNEFLA | 12,500 | - | 12,500 | 12,500 | - |
| Total use of money and property | 217,500 | - | 217,500 | 337,567 | 120,067 |
| Total revenues | 70,528,323 | 5,000 | 70,533,323 | 71,090,568 | 557,245 |
| Other financing sources: | | | | | |
| Appropriation of fund balance | 3,065,497 | 77,592 | 3,143,089 | - | (3,143,089) |
| Cancellation of prior year encumbrances | 10,000 | - | 10,000 | 257,377 | 247,377 |
| Sale of capital assets | - | - | - | 200 | 200 |
| Transfers in - sewer assessment fund | 45,000 | - | 45,000 | - | (45,000) |
| Other financing sources (uses) | 3,120,497 | 77,592 | 3,198,089 | 257,577 | (2,940,512) |
| Total revenues and other financing sources | \$ 73,648,820 | \$ 82,592 | \$ 73,731,412 | \$ 71,348,145 | \$ (2,383,267) |

(Concluded)

Town of Stonington, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|------------|-------------------------------------|
| General government: | | | | | |
| Office of selectman | \$ 268,647 | \$ 3,500 | \$ 272,147 | \$ 247,951 | \$ 24,196 |
| Programs and agencies | 87,814 | - | 87,814 | 87,668 | 146 |
| Waterfront commission | 1,850 | - | 1,850 | 1,403 | 447 |
| Pawcatuck river harbor management | 1,490 | - | 1,490 | - | 1,490 |
| Shellfish commission | 50 | - | 50 | - | 50 |
| Economic development commission | 20,470 | - | 20,470 | 5,155 | 15,315 |
| Committee to study needs and use of town buildings | 2,500 | - | 2,500 | 1,100 | 1,400 |
| Emergency management | 26,763 | - | 26,763 | 21,310 | 5,453 |
| Elections | 126,468 | - | 126,468 | 74,457 | 52,011 |
| Town clerk | 234,510 | - | 234,510 | 227,576 | 6,934 |
| Town meeting and referenda | 6,200 | - | 6,200 | 1,206 | 4,994 |
| Administration | 357,925 | 13,100 | 371,025 | 360,908 | 10,117 |
| Information systems | 324,648 | - | 324,648 | 306,193 | 18,455 |
| Human resources | 3,403,079 | (11,600) | 3,391,479 | 3,129,449 | 262,030 |
| Health officer, sanitation and EMS | 137,180 | - | 137,180 | 137,055 | 125 |
| Community development | 15,000 | - | 15,000 | - | 15,000 |
| Assessor's office | 330,923 | - | 330,923 | 327,156 | 3,767 |
| Board of Assessment Appeals | 2,690 | - | 2,690 | 2,148 | 542 |
| Finance office | 439,922 | - | 439,922 | 439,825 | 97 |
| Office of the Treasurer | 4,958 | 1 | 4,959 | 4,959 | - |
| Office of the tax collector | 226,896 | - | 226,896 | 215,760 | 11,136 |
| Board of Finance | 571,677 | (305,000) | 266,677 | 205,283 | 61,394 |
| Risk management | 731,000 | 27,626 | 758,626 | 730,846 | 27,780 |
| Planning office | 426,830 | - | 426,830 | 356,712 | 70,118 |
| Planning and zoning commission | 37,000 | - | 37,000 | 22,100 | 14,900 |
| Zoning board of appeals | 6,725 | 4,010 | 10,735 | 10,735 | - |
| Conservation commission | 5,600 | - | 5,600 | 5,600 | - |
| Inland wetlands commission | 2,500 | 1,249 | 3,749 | 3,749 | - |
| Climate change task force | 2,000 | - | 2,000 | - | 2,000 |
| Total general government | 7,803,315 | (267,114) | 7,536,201 | 6,926,304 | 609,897 |
| Public works: | | | | | |
| Highway department | 2,553,489 | (95,630) | 2,457,859 | 2,419,441 | 38,418 |
| Sanitation and waste removal | 2,724,214 | - | 2,724,214 | 2,585,809 | 138,405 |
| Water Pollution Control Authority | 97,944 | - | 97,944 | 94,619 | 3,325 |
| Engineering services | 196,402 | (6,120) | 190,282 | 183,531 | 6,751 |
| Operation and maintenance Town building/property | 758,464 | 28,250 | 786,714 | 704,844 | 81,870 |
| Building official | 246,705 | - | 246,705 | 241,178 | 5,527 |
| Total public works: | 6,577,218 | (73,500) | 6,503,718 | 6,229,422 | 274,296 |
| Public safety: | | | | | |
| Department of public safety | 5,965,541 | - | 5,965,541 | 5,798,556 | 166,985 |
| Ambulances | 154,294 | 514 | 154,808 | 154,808 | - |
| Total public safety | 6,119,835 | 514 | 6,120,349 | 5,953,364 | 166,985 |
| Human services: | | | | | |
| Office of human services | 450,793 | - | 450,793 | 404,303 | 46,490 |

(Continued)

Town of Stonington, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|---|----------------------|---|----------------------|----------------------|-------------------------------------|
| Social services: | | | | | |
| Commission on aging | \$ 6,300 | \$ - | \$ 6,300 | \$ 5,142 | \$ 1,158 |
| Outside agencies | 344,750 | - | 344,750 | 342,750 | 2,000 |
| Total social services | 351,050 | - | 351,050 | 347,892 | 3,158 |
| Recreation | 129,039 | 349 | 129,388 | 129,388 | - |
| Library | 346,500 | - | 346,500 | 346,500 | - |
| Payments to other civic divisions | 206,885 | - | 206,885 | 206,885 | - |
| Education | 37,455,749 | 145,351 | 37,601,100 | 37,004,394 | 596,706 |
| Debt service | 8,933,412 | 900 | 8,934,312 | 8,883,160 | 51,152 |
| Total expenditures | 68,373,796 | (193,500) | 68,180,296 | 66,431,612 | 1,748,684 |
| Other financing uses: | | | | | |
| Transfers out: | | | | | |
| Miscellaneous fund | 300,000 | - | 300,000 | 300,000 | - |
| Capital nonrecurring fund | 4,725,024 | 276,092 | 5,001,116 | 5,001,116 | - |
| Sewer usage fund | 250,000 | - | 250,000 | 250,000 | - |
| Total other financing uses | 5,275,024 | 276,092 | 5,551,116 | 5,551,116 | - |
| Total expenditures and other financing uses | <u>\$ 73,648,820</u> | <u>\$ 82,592</u> | <u>\$ 73,731,412</u> | <u>\$ 71,982,728</u> | <u>\$ 1,748,684</u> |

(Concluded)

Town of Stonington, Connecticut

Notes to Required Supplementary Information

Budgets and Budgetary Accounting
For the Year Ended June 30, 2020

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

The budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

1. The Town does not recognize as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the Town's behalf.
2. Encumbrances are recognized as valid and proper charges against budget appropriations in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year but are shown as an assigned fund balance on a GAAP basis.

Reconciliation to Exhibit D

| | <u>Revenues</u> | <u>Expenditures</u> | <u>Fund Balance</u> |
|--|----------------------|----------------------|----------------------|
| Budgetary Basis - RSI-1 | \$ 71,090,568 | \$ 66,431,612 | \$ 15,375,275 |
| Prior year encumbrances liquidated in the current year | - | 266,442 | - |
| Encumbrances outstanding at year end charged to budgetary expenditures | - | (342,662) | 342,662 |
| State Teachers' pension on behalf amount | 5,148,074 | 5,148,074 | - |
| State Teachers' OPEB on behalf amount | <u>140,701</u> | <u>140,701</u> | <u>-</u> |
| GAAP Basis - Exhibit D | <u>\$ 76,379,343</u> | <u>\$ 71,644,167</u> | <u>\$ 15,717,937</u> |

Formal budgetary integration is employed as a management control device during the year.

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 1st 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 March 15th, the First Selectman shall present to the Board of Finance an itemized annual operating budget, including the Board of Education budget.

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.

(Continued)

Town of Stonington, Connecticut

Notes to Required Supplementary Information

**Budgets and Budgetary Accounting
For the Year Ended June 30, 2020**

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 legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.

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. 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.

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.

There were additional appropriations made during the year as follows:

| | |
|--------------------|------------------------|
| Additional revenue | \$ 5,000 |
| Fund balance | <u>77,592</u> |
| Total | <u><u>\$82,592</u></u> |

(Concluded)

Town of Stonington, Connecticut

Required Supplementary Information

Employees' Pension Plan
Last Seven Years (1)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Schedule of Changes in Net Pension Liability and Related Ratios</u> | | | | | | | |
| Total pension liability: | | | | | | | |
| Service cost | \$ 671,928 | \$ 657,076 | \$ 716,716 | \$ 785,169 | \$ 807,690 | \$ 784,165 | \$ 761,325 |
| Interest | 2,593,883 | 2,534,914 | 2,460,694 | 2,299,512 | 2,223,435 | 2,337,106 | 2,210,832 |
| Change of benefit terms | - | - | - | - | - | 783,451 | - |
| Differences between expected and actual experience | (911,581) | (326,759) | (278,195) | 106,186 | (365,705) | (504,935) | - |
| Change of assumptions | 386,031 | 516,186 | - | 915,592 | - | (253,207) | - |
| Benefit payments, including refunds of member contributions | (1,809,614) | (1,785,452) | (1,696,075) | (1,605,602) | (1,428,980) | (1,353,367) | (1,270,805) |
| Net change in total pension liability | 930,647 | 1,595,965 | 1,203,140 | 2,500,857 | 1,236,440 | 1,793,213 | 1,701,352 |
| Total pension liability - July 1 | 39,371,318 | 37,775,353 | 36,572,213 | 34,071,356 | 32,834,916 | 31,041,703 | 29,340,351 |
| Total pension liability - June 30 (a) | <u>\$ 40,301,965</u> | <u>\$ 39,371,318</u> | <u>\$ 37,775,353</u> | <u>\$ 36,572,213</u> | <u>\$ 34,071,356</u> | <u>\$ 32,834,916</u> | <u>\$ 31,041,703</u> |
| Plan fiduciary net position: | | | | | | | |
| Contributions - employer | \$ 992,018 | \$ 974,686 | \$ 1,009,822 | \$ 997,631 | \$ 1,029,505 | \$ 1,103,588 | \$ 1,147,449 |
| Contributions - member | 185,121 | 207,951 | 206,501 | 205,299 | 216,143 | 219,235 | 257,396 |
| Net investment income (loss) | 179,820 | 1,736,708 | 2,234,636 | 3,137,730 | (79,775) | 233,513 | 3,765,012 |
| Benefit payments, including refunds of member contributions | (1,809,614) | (1,785,452) | (1,696,075) | (1,605,602) | (1,428,980) | (1,353,367) | (1,270,805) |
| Administration expenses | (47,405) | (46,881) | (44,181) | (37,332) | (34,399) | (32,251) | (47,133) |
| Net change in plan fiduciary net position | (500,060) | 1,087,012 | 1,710,703 | 2,697,726 | (297,506) | 170,718 | 3,851,919 |
| Plan fiduciary net position - July 1 | 34,688,289 | 33,601,277 | 31,890,574 | 29,192,848 | 29,490,354 | 29,319,636 | 25,467,717 |
| Plan fiduciary net position - June 30 (b) | <u>\$ 34,188,229</u> | <u>\$ 34,688,289</u> | <u>\$ 33,601,277</u> | <u>\$ 31,890,574</u> | <u>\$ 29,192,848</u> | <u>\$ 29,490,354</u> | <u>\$ 29,319,636</u> |
| Net pension liability (asset) - June 30 (a)-(b) | <u>\$ 6,113,736</u> | <u>\$ 4,683,029</u> | <u>\$ 4,174,076</u> | <u>\$ 4,681,639</u> | <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>84.83%</u> | <u>88.11%</u> | <u>88.95%</u> | <u>87.20%</u> | <u>85.68%</u> | <u>89.81%</u> | <u>94.45%</u> |
| Covered payroll | <u>\$ 6,910,565</u> | <u>\$ 7,474,353</u> | <u>\$ 7,665,442</u> | <u>\$ 8,441,906</u> | <u>\$ 8,535,124</u> | <u>\$ 9,007,063</u> | <u>\$ 9,124,324</u> |
| Net pension liability as a percentage of covered payroll | <u>88.47%</u> | <u>62.65%</u> | <u>54.45%</u> | <u>55.46%</u> | <u>57.16%</u> | <u>37.13%</u> | <u>18.87%</u> |

Schedule of Investment Returns

| | | | | | | | |
|---|--------------|--------------|--------------|---------------|----------------|--------------|---------------|
| Annual money weighted rate of return, net of investment expense | <u>0.52%</u> | <u>5.20%</u> | <u>7.07%</u> | <u>10.89%</u> | <u>(0.28%)</u> | <u>0.83%</u> | <u>15.07%</u> |
|---|--------------|--------------|--------------|---------------|----------------|--------------|---------------|

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

Required Supplementary Information

Employees' Pension Plan
Schedule of Contributions
Last Ten Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contributions | \$ 988,377 | \$ 952,476 | \$ 1,015,388 | \$ 927,734 | \$ 1,044,301 | \$ 1,083,331 | \$ 1,108,457 | \$ 1,119,643 | \$ 1,171,692 | \$ 1,163,837 |
| Contributions in relation to the actuarially determined contribution | 992,018 | 974,686 | 1,009,822 | 997,631 | 1,029,505 | 1,103,588 | 1,147,449 | 1,130,478 | 1,342,122 | 1,471,967 |
| Contribution excess (deficiency) | \$ 3,641 | \$ 22,210 | \$ (5,566) | \$ 69,897 | \$ (14,796) | \$ 20,257 | \$ 38,992 | \$ 10,835 | \$ 170,430 | \$ 308,130 |
| Covered payroll | \$ 6,910,565 | \$ 7,474,353 | \$ 7,665,442 | \$ 8,441,906 | \$ 8,535,124 | \$ 9,007,063 | \$ 9,124,324 | \$ 8,958,441 | \$ 9,071,534 | \$ 9,342,487 |
| Contributions as a percentage of covered payroll | 14.36% | 13.04% | 13.17% | 11.82% | 12.06% | 12.25% | 12.58% | 12.62% | 14.79% | 15.76% |

Town of Stonington, Connecticut

Notes to Required Supplementary Information

**Employees' Pension Plan
Schedule of Contributions
Last Seven Years (1)**

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|--------------------------------------|---|---|
| Changes of Benefit Terms | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2018 | July 1, 2017 | July 1, 2016 | July 1, 2016 | July 1, 2015 | July 1, 2013 | July 1, 2013 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | |
| Actuarial Cost Method | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization Method | Level percentage | Level percentage | Level percentage | Level percentage | Level dollar | Level dollar | Level dollar |
| Asset Valuation Method | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing |
| Inflation | 2.75% | 2.75% | 2.75% | 2.75% | 3.00% | 1.25% | 1.25% |
| Salary Increases | 2.75% - 4.50%, average, including inflation | 2.75% - 4.50%, average, including inflation | 2.75% - 4.50%, average, including inflation | 2.75% - 4.50%, average, including inflation | 2.50%, average, including inflation | 2.50%, average, including inflation | 2.50%, average, including inflation |
| Investment Rate of Return (Net) | 7.00% | 7.00% | 7.00% | 7.00% | 7.50% | 7.50% | 7.50% |
| Mortality Rate | RP-2014 projected with Scale MP-2018 | RP-2014 projected with Scale MP-2017 | RP-2014 projected with Scale MP-2015 | RP-2014 projected with Scale MP-2015 | RP-2014 projected with Scale MP-2014 | RP-2000 projected to the valuation date with Scale AA | RP-2000 projected to the valuation date with Scale AA |

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

Required Supplementary Information

Connecticut Municipal Employees' Retirement System
Last Six Years (1)202020192018201720162015**Schedule of Proportionate Share of the Net Pension Liability**

| | | | | | | |
|--|---------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Town's proportion of the net pension liability for the general employees without social security sub plan | <u>2.386865%</u> | <u>2.447326%</u> | <u>2.242232%</u> | <u>2.242232%</u> | <u>2.376509%</u> | <u>2.464900%</u> |
| Town's proportionate share of the net pension (asset) liability | <u>\$ 7,758,184</u> | <u>\$ 6,667,922</u> | <u>\$ (1,721,274)</u> | <u>\$ (1,262,985)</u> | <u>\$ (1,999,744)</u> | <u>\$ (2,353,578)</u> |
| Town's covered payroll | <u>N/A</u> | <u>\$ 4,065,329</u> | <u>\$ 4,101,836</u> | <u>\$ 3,428,033</u> | <u>\$ 3,428,033</u> | <u>\$ 3,351,915</u> |
| Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll | <u>N/A</u> | <u>164.02%</u> | <u>(41.96)%</u> | <u>(36.84)%</u> | <u>(58.34)%</u> | <u>(70.22)%</u> |
| 68 Total plan fiduciary net position as a percentage of the total pension liability | <u>72.69%</u> | <u>73.60%</u> | <u>91.68%</u> | <u>88.29%</u> | <u>92.72%</u> | <u>90.48%</u> |

Schedule of Contributions

| | | | | | | |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually required contribution | <u>\$ 637,052</u> | <u>\$ 652,779</u> | <u>\$ 577,686</u> | <u>\$ 513,519</u> | <u>\$ 494,982</u> | <u>\$ 457,302</u> |
| Contributions in relation to the contractually required contribution | <u>637,052</u> | <u>652,779</u> | <u>577,686</u> | <u>513,519</u> | <u>494,982</u> | <u>457,302</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered payroll | <u>N/A</u> | <u>\$ 4,065,329</u> | <u>\$ 4,101,836</u> | <u>\$ 3,428,033</u> | <u>\$ 3,428,033</u> | <u>\$ 3,351,915</u> |
| Contributions as a percentage of covered payroll | <u>N/A</u> | <u>16.06%</u> | <u>14.08%</u> | <u>14.98%</u> | <u>14.44%</u> | <u>13.64%</u> |

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

N/A - Not available

Town of Stonington, Connecticut

Notes to Required Supplementary Information

Connecticut Municipal Employees' Retirement System
Schedule of Contributions
Last Six Years (1)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| Changes of Benefit Terms | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | June 30, 2019 | June 30, 2018 | June 30, 2016 | June 30, 2016 | June 30, 2014 | June 30, 2014 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | |
| Actuarial Cost Method | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization Method | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level dollar, closed |
| Remaining Amortization Period | 21 years | 21 years | 23 years | 23 years | 25 years | 25 years |
| Asset Valuation Method | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing |
| Inflation | 2.50% | 2.50% | 3.25% | 3.25% | 3.25% | 3.25% |
| Salary Increases | 3.50%-10.00%, average, including inflation | 3.50%-10.00%, average, including inflation | 4.25%-11.00%, average, including inflation | 4.25%-11.00%, average, including inflation | 4.25%-11.00%, average, including inflation | 4.25%-11.00%, average, including inflation |
| Cost-of-Living Adjustments | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards |
| Social Security Wage Base | 3.00% | 3.00% | 3.50% | 3.50% | 3.50% | 3.50% |
| Investment Rate of Return (Net) | 7.00% | 7.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| Mortality | RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire | RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire | 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 | 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 | 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 | 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 |

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Stonington, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement System
Last Six Years (3)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Schedule of Proportionate Share of the Net Pension Liability</u> | | | | | | |
| Town's proportion of the net pension liability | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Town's proportionate share of the net pension liability | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| State of Connecticut's proportionate share of the net pension liability associated with the Town | <u>68,011,051</u> | <u>52,440,472</u> | <u>56,047,411</u> | <u>59,130,448</u> | <u>45,293,369</u> | <u>41,864,643</u> |
| Total | <u>\$68,011,051</u> | <u>\$52,440,472</u> | <u>\$56,047,411</u> | <u>\$59,130,448</u> | <u>\$45,293,369</u> | <u>\$41,864,643</u> |
| Town's covered payroll | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>52.00%</u> | <u>57.69%</u> | <u>55.93%</u> | <u>52.26%</u> | <u>59.50%</u> | <u>61.51%</u> |
| <u>Schedule of Contributions</u> | | | | | | |
| Contractually required contribution (1) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Contributions in relation to the contractually required contribution | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered payroll | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> |
| Contributions as a percentage of covered payroll | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <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.

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement System
Schedule of Contributions
Last Six Years (1)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--|--|--|--|--|--|
| Changes of Benefit Terms | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | June 30, 2018 | June 30, 2018 | June 30, 2016 | June 30, 2016 | June 30, 2014 | June 30, 2014 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | |
| Actuarial Cost Method | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization Method | Level percent of salary, closed | Level percent of salary, closed | Level percent of salary, closed | Level percent of salary, closed | Level percent of salary, closed | Level percent of salary, closed |
| Remaining Amortization Period | 17.6 years | 17.6 years | 20.4 years | 20.4 years | 21.4 years | 22.4 years |
| Asset Valuation Method | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing |
| Inflation | 2.50% | 2.75% | 2.75% | 2.75% | 3.00% | 3.00% |
| Salary Increases | 3.25%-6.50%, average, including inflation | 3.25%-6.50%, average, including inflation | 3.25%-6.50%, average, including inflation | 3.25%-6.50%, average, including inflation | 3.75%-7.00%, average, including inflation | 3.75%-7.00%, average, including inflation |
| Investment Rate of Return (Net) | 6.90% | 8.00% | 8.00% | 8.00% | 8.50% | 8.50% |
| Mortality | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2000 Combined Mortality Table projected 19 years using scale AA | RP-2000 Combined Mortality Table projected 19 years using scale AA |

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan
Last Four Years (1)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| <u>Schedule of Changes in Net OPEB Liability and Related Ratios</u> | | | | |
| Total OPEB liability: | | | | |
| Service cost | \$ 139,505 | \$ 133,370 | \$ 150,317 | \$ 143,707 |
| Interest | 313,629 | 307,635 | 412,772 | 401,263 |
| Differences between expected and actual experience | (345,172) | 116,397 | (1,927,076) | - |
| Changes in assumptions | 168,470 | - | 111,053 | - |
| Benefit payments, including refunds of member | <u>(472,348)</u> | <u>(463,033)</u> | <u>(363,114)</u> | <u>(371,649)</u> |
| Net change in total OPEB liability | (195,916) | 94,369 | (1,616,048) | 173,321 |
| Total OPEB liability - July 1 | <u>5,111,155</u> | <u>5,016,786</u> | <u>6,632,834</u> | <u>6,459,513</u> |
| Total OPEB liability - June 30 (a) | <u><u>\$ 4,915,239</u></u> | <u><u>\$ 5,111,155</u></u> | <u><u>\$ 5,016,786</u></u> | <u><u>\$ 6,632,834</u></u> |
| Plan fiduciary net position: | | | | |
| Contributions - employer | \$ 635,767 | \$ 623,096 | \$ 403,013 | \$ 461,649 |
| Contributions - TRB subsidy | 60,581 | 39,468 | 66,101 | - |
| Net investment income (loss) | 48,980 | 58,257 | 39,373 | 67,145 |
| Benefit payments, including refunds of member contributions | (472,348) | (463,033) | (363,114) | (371,649) |
| Administration expenses | <u>(14,260)</u> | <u>(16,500)</u> | <u>(8,590)</u> | <u>(2,000)</u> |
| Net change in plan fiduciary net position | 258,720 | 241,288 | 136,783 | 155,145 |
| Plan fiduciary net position - July 1 | <u>1,560,037</u> | <u>1,318,749</u> | <u>1,181,966</u> | <u>1,026,821</u> |
| Plan fiduciary net position - June 30 (b) | <u>1,818,757</u> | <u>1,560,037</u> | <u>1,318,749</u> | <u>1,181,966</u> |
| Net OPEB liability - June 30 (a)-(b) | <u><u>\$ 3,096,482</u></u> | <u><u>\$ 3,551,118</u></u> | <u><u>\$ 3,698,037</u></u> | <u><u>\$ 5,450,868</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>37.00%</u> | <u>30.52%</u> | <u>26.29%</u> | <u>17.82%</u> |
| Covered payroll | <u>\$ 28,590,488</u> | <u>\$ 29,988,630</u> | <u>\$ 29,228,684</u> | <u>\$ 25,305,169</u> |
| Net OPEB liability as a percentage of covered payroll | <u>10.83%</u> | <u>11.84%</u> | <u>12.65%</u> | <u>21.54%</u> |

Schedule of Investment Returns

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Annual money weighted rate of return, net of investment expense | <u>2.91%</u> | <u>5.31%</u> | <u>3.04%</u> | <u>7.45%</u> |
|---|--------------|--------------|--------------|--------------|

(1) These schedules are intended to present information for 10 years.
Additional years will be presented as the information becomes available.

Town of Stonington, Connecticut

Required Supplementary Information

Other Post-Employment Benefits (OPEB) Plan
Schedule of Contributions
Last Ten Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------|--------------------|
| Actuarially determined contributions | \$ 463,294 | \$ 458,274 | \$ 453,445 | \$ 446,489 | \$ 431,821 | \$ 412,037 | \$ 731,000 | \$ 699,000 | \$ 729,000 | \$ 698,000 |
| Contributions in relation to the actuarially determined contribution | 635,767 | 623,096 | 469,114 | 461,649 | 349,443 | 327,071 | 694,000 | 668,000 | 1,070,000 | 671,000 |
| Contribution excess (deficiency) | <u>\$ 172,473</u> | <u>\$ 164,822</u> | <u>\$ 15,669</u> | <u>\$ 15,160</u> | <u>\$ (82,378)</u> | <u>\$ (84,966)</u> | <u>\$ (37,000)</u> | <u>\$ (31,000)</u> | <u>\$ 341,000</u> | <u>\$ (27,000)</u> |
| Covered payroll | <u>\$ 28,590,488</u> | <u>\$ 29,988,630</u> | <u>\$ 29,228,684</u> | <u>\$ 25,305,169</u> | <u>\$ 28,389,610</u> | <u>\$ 28,389,610</u> | <u>\$ 26,065,000</u> | <u>\$ 26,065,000</u> | <u>N/A</u> | <u>N/A</u> |
| Contributions as a percentage of covered payroll | <u>2.22%</u> | <u>2.08%</u> | <u>1.60%</u> | <u>1.82%</u> | <u>1.23%</u> | <u>1.15%</u> | <u>2.66%</u> | <u>2.56%</u> | <u>N/A</u> | <u>N/A</u> |

N/A - Not available

Town of Stonington, Connecticut

Notes to Required Supplementary Information

**Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Seven Years (1)**

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|---|---|
| Changes of Benefit Terms | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2017 | July 1, 2017 | July 1, 2016 | July 1, 2016 | July 1, 2014 | July 1, 2014 | July 1, 2012 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit |
| Amortization Method | Level percentage | Level percentage | Level percentage | Level percentage | Level percentage | Level percentage | Level percentage |
| Asset Valuation Method | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing |
| Healthcare Inflation Rate - Initial | 7.00% | 7.00% | 6.26% | 6.26% | 6.80% | 6.80% | 6.80% |
| Healthcare Inflation Rate - Ultimate | 4.60% | 4.60% | 4.60% | 4.60% | 4.70% | 4.70% | 4.70% |
| Investment Rate of Return (Net) | 6.25% | 6.25% | 6.25% | 6.25% | 7.50% | 7.50% | 7.50% |
| Mortality Rate | RP-2014 projected with Scale MP-2018 | RP-2014 projected with Scale MP-2018 | RP-2014 projected with Scale MP-2015 | RP-2014 projected with Scale MP-2015 | RP-2000 Mortality projected with Scale BB | RP-2000 Mortality projected with Scale BB | Based on the 1983 Group Mortality Table 50% male 50% female |

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

Required Supplementary Information

**Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Last Three Years (3)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|----------------------|
| <u>Schedule of Proportionate Share of the Net OPEB Liability</u> | | | |
| Town's proportion of the net OPEB liability | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Town's proportionate share of the collective net OPEB liability | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| State of Connecticut's proportionate share of the net OPEB liability associated with the Town | <u>10,606,708</u> | <u>10,483,150</u> | <u>14,425,979</u> |
| Total | <u>\$ 10,606,708</u> | <u>\$ 10,483,150</u> | <u>\$ 14,425,979</u> |
| Town's covered payroll | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> |
| Town's proportionate share of the net OPEB liability as a percentage of its covered payroll | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>2.08%</u> | <u>1.49%</u> | <u>1.79%</u> |

Schedule of Contributions

| | | | |
|--|--------------|--------------|--------------|
| Contractually required contribution (1) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Contributions in relation to the contractually required contribution | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered payroll | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> |
| Contributions as a percentage of covered payroll | <u>0.00%</u> | <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 OPEB liability.

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Schedule of Contributions
Last Three Years (1)

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Changes of Benefit Terms | None | None | None |
| The actuarially determined contribution rates are calculated as of | June 30, 2018 | June 30, 2018 | June 30, 2016 |
| Actuarial methods and assumptions used to determine contribution rates: | | | |
| Actuarial Cost Method | Entry age | Entry age | Entry age |
| Amortization Method | Level percentage, open | Level percentage, open | Level percentage, open |
| Amortization Period | 30 years | 30 years | 30 years |
| Asset Valuation Method | Fair Value | Fair Value | Fair Value |
| Inflation | 2.75% | 2.75% | 2.75% |
| Healthcare Inflation Rate | Initial 5.95% decreasing to 4.75% (ultimate) by 2025 | Initial 5.95% decreasing to 4.75% (ultimate) by 2025 | Initial 7.25% decreasing to 5.00% (ultimate) by 2022 |
| Salary Increases | 3.25% to 6.50%, including inflation | 3.25% to 6.50%, including inflation | 3.25% to 6.50%, including inflation |
| Investment Rate of Return | 3.00% | 3.00% | 4.25% |
| Mortality Rate | RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale | RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale | RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale |

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

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, libraries, payments to other civic divisions, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

Town of Stonington, Connecticut

Report of Tax Collector
For the Year Ended June 30, 2020

| Grand List Year | Uncollected Taxes July 1, 2019 | Current Levy | Lawful Corrections | | Transfers to Suspense | Adjusted Amount Collectible | Collections | | | Uncollected Taxes June 30, 2020 |
|-------------------------|--------------------------------------|----------------------|--------------------|-------------------|--------------------------|-----------------------------------|----------------------|-----------------------|----------------------|---------------------------------------|
| | | | Additions | Deductions | | | Taxes | Interest and Liens | Total | |
| 2012 | \$ 2,408 | \$ - | \$ - | \$ - | \$ 2,408 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2013 | 5,159 | - | - | 327 | 4,669 | 163 | - | - | - | 163 |
| 2014 | 5,030 | - | 128 | 512 | 4,646 | - | - | - | - | - |
| 2015 | 10,682 | - | 596 | 669 | 7,368 | 3,241 | 2,686 | 978 | 3,664 | 555 |
| 2016 | 35,763 | - | 8,478 | 2,638 | 17,004 | 24,599 | 16,755 | 4,391 | 21,146 | 7,844 |
| 2017 | <u>316,662</u> | <u>-</u> | <u>14,088</u> | <u>45,998</u> | <u>26,766</u> | <u>257,986</u> | <u>209,389</u> | <u>39,006</u> | <u>248,395</u> | <u>48,597</u> |
| Total Prior Years | 375,704 | - | 23,290 | 50,144 | 62,861 | 285,989 | 228,830 | 44,375 | 273,205 | 57,159 |
| 2018 | <u>-</u> | <u>65,546,277</u> | <u>104,563</u> | <u>131,366</u> | <u>28,096</u> | <u>65,491,378</u> | <u>65,043,188</u> | <u>193,508</u> | <u>65,236,696</u> | <u>448,190</u> |
| Totals | <u>\$ 375,704</u> | <u>\$ 65,546,277</u> | <u>\$ 127,853</u> | <u>\$ 181,510</u> | <u>\$ 90,957</u> | <u>\$ 65,777,367</u> | <u>\$ 65,272,018</u> | <u>\$ 237,883</u> | <u>\$ 65,509,901</u> | <u>\$ 505,349</u> |

Town of Stonington, Connecticut

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|--------------------|---------------------|----------------------------------|
| Revenues: | | | | | |
| Property taxes | \$65,602,159 | \$ - | \$ 65,602,159 | \$65,588,819 | \$ (13,340) |
| Intergovernmental | 1,567,664 | - | 1,567,664 | 1,635,261 | 67,597 |
| Charges for services | 3,141,000 | 5,000 | 3,146,000 | 3,528,921 | 382,921 |
| Use of money and property | 217,500 | - | 217,500 | 337,567 | 120,067 |
| Total revenues | <u>70,528,323</u> | <u>5,000</u> | <u>70,533,323</u> | <u>71,090,568</u> | <u>557,245</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 7,803,315 | (267,114) | 7,536,201 | 6,926,304 | 609,897 |
| Public works | 6,577,218 | (73,500) | 6,503,718 | 6,229,422 | 274,296 |
| Public safety | 6,119,835 | 514 | 6,120,349 | 5,953,364 | 166,985 |
| Human services | 450,793 | - | 450,793 | 404,303 | 46,490 |
| Social services | 351,050 | - | 351,050 | 347,892 | 3,158 |
| Recreation | 129,039 | 349 | 129,388 | 129,388 | - |
| Libraries | 346,500 | - | 346,500 | 346,500 | - |
| Payments to other civic divisions | 206,885 | - | 206,885 | 206,885 | - |
| Education | 37,455,749 | 145,351 | 37,601,100 | 37,004,394 | 596,706 |
| Debt service | 8,933,412 | 900 | 8,934,312 | 8,883,160 | 51,152 |
| Total expenditures | <u>68,373,796</u> | <u>(193,500)</u> | <u>68,180,296</u> | <u>66,431,612</u> | <u>1,748,684</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,154,527</u> | <u>198,500</u> | <u>2,353,027</u> | <u>4,658,956</u> | <u>2,305,929</u> |
| Other financing sources (uses): | | | | | |
| Appropriation of fund balance | 3,065,497 | 77,592 | 3,143,089 | - | (3,143,089) |
| Cancellation of prior year encumbrances | 10,000 | - | 10,000 | 257,377 | 247,377 |
| Sale of capital assets | - | - | - | 200 | 200 |
| Transfers in | 45,000 | - | 45,000 | - | (45,000) |
| Transfers out | (5,275,024) | (276,092) | (5,551,116) | (5,551,116) | - |
| Net other financing sources (uses) | <u>(2,154,527)</u> | <u>(198,500)</u> | <u>(2,353,027)</u> | <u>(5,293,539)</u> | <u>(2,940,512)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(634,583)</u> | <u>\$ (634,583)</u> |
| Fund balance - July 1, 2019 | | | | <u>16,009,858</u> | |
| Fund balance - June 30, 2020 | | | | <u>\$15,375,275</u> | |

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|-----------|----------------------------------|
| Department of first selectman | | | | | |
| Office of selectman: | | | | | |
| First selectman | \$ 94,265 | \$ - | \$ 94,265 | \$ 94,265 | \$ - |
| Second selectman | 13,566 | - | 13,566 | 13,566 | - |
| Third selectman | 13,566 | - | 13,566 | 13,566 | - |
| Town attorney | 50,000 | - | 50,000 | 50,000 | - |
| Examination of indices | 2,500 | - | 2,500 | 2,500 | - |
| Mosquito abatement | 30,000 | 3,400 | 33,400 | 33,415 | (15) |
| Legal services and courts | 40,000 | - | 40,000 | 29,904 | 10,096 |
| Professional associations and publications | 1,000 | - | 1,000 | 976 | 24 |
| Furniture and equipment | 1,000 | - | 1,000 | 549 | 451 |
| Tree warden stipend | 2,000 | - | 2,000 | 315 | 1,685 |
| Tree warden expenses | 750 | - | 750 | 2,000 | (1,250) |
| Town marketing | - | 5,000 | 5,000 | - | 5,000 |
| Town wide | 20,000 | (4,900) | 15,100 | 6,895 | 8,205 |
| Total office of selectman | 268,647 | 3,500 | 272,147 | 247,951 | 24,196 |
| Programs and agencies: | | | | | |
| S.E.A.T. | 25,292 | - | 25,292 | 25,292 | - |
| Sector | 6,166 | - | 6,166 | 6,166 | - |
| CT Conference of Municipalities | 12,032 | - | 12,032 | 12,032 | - |
| 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 | - |
| Probate court occupancy | 6,301 | - | 6,301 | 6,301 | - |
| Probate court | 3,700 | - | 3,700 | 3,555 | 145 |
| Connecticut tourism coalition | 1,500 | - | 1,500 | 1,500 | - |
| Mystic River boat pumpout service | 10,000 | - | 10,000 | 10,000 | - |
| Plastic bags and straws | 1,500 | - | 1,500 | 1,499 | 1 |
| Total programs and agencies | 87,814 | - | 87,814 | 87,668 | 146 |
| Waterfront commission: | | | | | |
| Clerical services | 1,650 | - | 1,650 | 1,350 | 300 |
| Postage | 75 | - | 75 | - | 75 |
| Consumable supplies | 25 | 75 | 100 | 53 | 47 |
| Miscellaneous | 100 | (75) | 25 | - | 25 |
| Total waterfront commission | 1,850 | - | 1,850 | 1,403 | 447 |
| 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 | 1,490 | - | 1,490 | - | 1,490 |
| Shellfish commission: | | | | | |
| Expenditures | 50 | - | 50 | - | 50 |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|----------|----------------------------------|
| Economic development commission: | | | | | |
| Consulting services | \$ 14,500 | \$ - | \$ 14,500 | \$ 3,871 | \$ 10,629 |
| Postage | 200 | - | 200 | - | 200 |
| Advertising | 2,500 | - | 2,500 | - | 2,500 |
| Consumable supplies | 2,000 | - | 2,000 | 835 | 1,165 |
| Travel | 270 | - | 270 | - | 270 |
| Professional association and publication | 1,000 | - | 1,000 | 449 | 551 |
| Total economic development commission | 20,470 | - | 20,470 | 5,155 | 15,315 |
| Committee to study needs and use of town buildings | | | | | |
| Clerical services | 2,400 | - | 2,400 | 1,100 | 1,300 |
| Consumable supplies | 100 | - | 100 | - | 100 |
| Total committee to study needs and use of town buildings | 2,500 | - | 2,500 | 1,100 | 1,400 |
| Emergency management: | | | | | |
| Emergency management director | 13,906 | - | 13,906 | 13,906 | - |
| Clerical salaries | 2,052 | - | 2,052 | 2,052 | - |
| Emergency operations center staffings | 1 | - | 1 | - | 1 |
| Consumable supplies | 1,250 | - | 1,250 | 346 | 904 |
| Equipment | 3,500 | - | 3,500 | - | 3,500 |
| Development of emergency plan | 1 | - | 1 | - | 1 |
| Miscellaneous | 100 | - | 100 | - | 100 |
| Furniture and equipment | 750 | - | 750 | - | 750 |
| Generator maintenance | 1 | - | 1 | - | 1 |
| Water testing | 1 | - | 1 | - | 1 |
| Communications | 1 | - | 1 | - | 1 |
| Training and education | 200 | - | 200 | - | 200 |
| Mass notification system | 5,000 | - | 5,000 | 5,006 | (6) |
| Total emergency management | 26,763 | - | 26,763 | 21,310 | 5,453 |
| Elections: | | | | | |
| Referenda/election personnel | 50,000 | (2,690) | 47,310 | 16,718 | 30,592 |
| Registrars' salaries | 38,268 | - | 38,268 | 38,266 | 2 |
| Postage | 5,000 | - | 5,000 | 777 | 4,223 |
| Advertising | 1,000 | - | 1,000 | 1,397 | (397) |
| Consumable supplies | 1,500 | - | 1,500 | 369 | 1,131 |
| Telephone | 3,500 | - | 3,500 | 1,721 | 1,779 |
| Equipment | 4,000 | - | 4,000 | 4,199 | (199) |
| Reproduction and printing | 700 | - | 700 | 364 | 336 |
| Professional associations and publications | 500 | - | 500 | 140 | 360 |
| Voting canvas | 500 | - | 500 | 117 | 383 |
| Miscellaneous | 1,000 | - | 1,000 | 397 | 603 |
| Ballot printing / programming | 15,000 | - | 15,000 | 4,499 | 10,501 |
| Furniture and equipment | 1,500 | 2,690 | 4,190 | 3,093 | 1,097 |
| Training and education | 1,000 | - | 1,000 | - | 1,000 |
| Voting machine | 3,000 | - | 3,000 | 2,400 | 600 |
| Total elections | 126,468 | - | 126,468 | 74,457 | 52,011 |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|-----------|----------------------------------|
| Town clerk: | | | | | |
| Salary of Town clerk | \$ 83,110 | \$ - | \$ 83,110 | \$ 83,110 | \$ - |
| Clerical salaries | 105,390 | - | 105,390 | 106,283 | (893) |
| Longevity | 5,760 | - | 5,760 | 5,760 | - |
| Postage | 1,500 | - | 1,500 | 1,408 | 92 |
| Advertising | 2,500 | - | 2,500 | 1,906 | 594 |
| Consumable supplies | 3,000 | - | 3,000 | 2,533 | 467 |
| Telephone | 475 | - | 475 | 120 | 355 |
| Equipment | 3,500 | - | 3,500 | 3,641 | (141) |
| Professional associations and publications | 275 | - | 275 | 275 | - |
| Training and education | 1,500 | - | 1,500 | 525 | 975 |
| Land records and data processing | 27,000 | - | 27,000 | 21,654 | 5,346 |
| Vital statistics | 500 | - | 500 | 361 | 139 |
| Total Town clerk | 234,510 | - | 234,510 | 227,576 | 6,934 |
| Town meeting and referenda: | | | | | |
| Town meeting personnel | 200 | - | 200 | - | 200 |
| Advertising | 6,000 | - | 6,000 | 1,206 | 4,794 |
| Total Town meeting and referenda | 6,200 | - | 6,200 | 1,206 | 4,994 |
| Payment/other civil divisions: | | | | | |
| Borough of Stonington | 206,885 | - | 206,885 | 206,885 | - |
| Total department of first selectman | 983,647 | 3,500 | 987,147 | 874,711 | 112,436 |
| Department of administrative services: | | | | | |
| Administration: | | | | | |
| Director of administrative services | 99,731 | - | 99,731 | 99,731 | - |
| Administrative support staff | 190,554 | - | 190,554 | 201,782 | (11,228) |
| Longevity | 2,740 | 600 | 3,340 | 3,340 | - |
| Postage | 1,000 | - | 1,000 | 996 | 4 |
| Advertising | 11,500 | 11,000 | 22,500 | 19,117 | 3,383 |
| Consumable supplies | 4,000 | - | 4,000 | 3,905 | 95 |
| Reproduction and printing | 4,000 | - | 4,000 | 2,518 | 1,482 |
| Telephone | 150 | - | 150 | 160 | (10) |
| Equipment | 4,400 | - | 4,400 | 2,532 | 1,868 |
| Professional associations and publications | 2,200 | - | 2,200 | 1,433 | 767 |
| Database expenses | 9,000 | - | 9,000 | 7,396 | 1,604 |
| Miscellaneous | 300 | 550 | 850 | 686 | 164 |
| Furniture and equipment | 2,270 | - | 2,270 | 2,233 | 37 |
| Training and education | 1,580 | (550) | 1,030 | 609 | 421 |
| Technical and professional services | 8,500 | 1,500 | 10,000 | - | 10,000 |
| Memorial observances | 11,000 | - | 11,000 | 9,470 | 1,530 |
| Columbus day observances | 5,000 | - | 5,000 | 5,000 | - |
| Total administration | 357,925 | 13,100 | 371,025 | 360,908 | 10,117 |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|---|--------------------|---|-----------------|-----------|----------------------------------|
| Information systems: | | | | | |
| IT manager | \$ 94,342 | \$ - | \$ 94,342 | \$ 93,343 | \$ 999 |
| Technology support specialist | 65,426 | - | 65,426 | 64,626 | 800 |
| Longevity | 1,060 | - | 1,060 | 1,060 | - |
| Postage | 200 | - | 200 | - | 200 |
| Consumable supplies | 1,500 | - | 1,500 | 1,037 | 463 |
| Reproduction and printing | 50 | - | 50 | 78 | (28) |
| Telephone | 1,500 | - | 1,500 | 1,581 | (81) |
| Professional associations and publications | 250 | - | 250 | 235 | 15 |
| Equipment and licensing | 46,770 | - | 46,770 | 40,866 | 5,904 |
| Internet hosting expense | 7,500 | - | 7,500 | 6,700 | 800 |
| Miscellaneous | 50 | - | 50 | 8 | 42 |
| Training and education | 5,000 | - | 5,000 | - | 5,000 |
| GIS | 30,000 | - | 30,000 | 25,323 | 4,677 |
| Telecommunications | 61,000 | - | 61,000 | 62,961 | (1,961) |
| Technical assistance | 10,000 | - | 10,000 | 8,375 | 1,625 |
| Total information systems | 324,648 | - | 324,648 | 306,193 | 18,455 |
| Human resources: | | | | | |
| Employee training/education | 10,000 | - | 10,000 | 3,350 | 6,650 |
| Labor negotiations | 89,529 | - | 89,529 | 24,757 | 64,772 |
| Labor Counsel | 80,000 | - | 80,000 | 46,898 | 33,102 |
| Pension plan-DB | 485,000 | - | 485,000 | 485,000 | - |
| Pension plan-DC 401A | 110,000 | - | 110,000 | 104,032 | 5,968 |
| Social security | 535,000 | - | 535,000 | 496,107 | 38,893 |
| Unemployment | 20,000 | - | 20,000 | 5,687 | 14,313 |
| Employee assistance program | 3,000 | - | 3,000 | 1,725 | 1,275 |
| Employee screening | 3,200 | - | 3,200 | 1,758 | 1,442 |
| Additional manpower | 5,000 | - | 5,000 | 2,825 | 2,175 |
| Employee travel expense | 24,000 | - | 24,000 | 21,553 | 2,447 |
| Accrued leave payout | 25,000 | - | 25,000 | 23,883 | 1,117 |
| Retiree health care | 70,000 | - | 70,000 | 62,715 | 7,285 |
| Health insurance | 1,900,000 | - | 1,900,000 | 1,820,995 | 79,005 |
| Life insurance | 25,400 | 40 | 25,440 | 25,257 | 183 |
| Rx eyewear reimbursement | 2,000 | - | 2,000 | 1,954 | 46 |
| Professional and technical services | 15,950 | (11,640) | 4,310 | 953 | 3,357 |
| Total human resources | 3,403,079 | (11,600) | 3,391,479 | 3,129,449 | 262,030 |
| Health officer, sanitation and EMS: | | | | | |
| Ledge light health district | 137,030 | - | 137,030 | 137,030 | - |
| Consumable supplies | 150 | - | 150 | 25 | 125 |
| Total health officer, sanitation and EMS | 137,180 | - | 137,180 | 137,055 | 125 |
| Community development: | | | | | |
| Clerical salaries | 15,000 | - | 15,000 | - | 15,000 |
| Total department of administrative services | 4,237,832 | 1,500 | 4,239,332 | 3,933,605 | 305,727 |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|-----------|----------------------------------|
| Department of Assessment: | | | | | |
| Assessor's office: | | | | | |
| Director of assessment | \$ 99,736 | \$ - | \$ 99,736 | \$ 99,737 | \$ (1) |
| Deputy assessor | 82,112 | - | 82,112 | 82,112 | - |
| Clerical salaries | 106,678 | - | 106,678 | 108,893 | (2,215) |
| Longevity | 4,710 | - | 4,710 | 4,710 | - |
| Postage | 1,380 | - | 1,380 | 940 | 440 |
| Consumable supplies | 2,600 | - | 2,600 | 2,324 | 276 |
| Reproduction and printing | 980 | - | 980 | 386 | 594 |
| Telephone | 200 | - | 200 | 119 | 81 |
| Equipment | 2,946 | - | 2,946 | 2,668 | 278 |
| Professional associations and publications | 3,910 | - | 3,910 | 3,806 | 104 |
| Database expenses | 18,320 | - | 18,320 | 17,685 | 635 |
| Miscellaneous | 990 | - | 990 | 376 | 614 |
| Clothing allowance | 400 | - | 400 | 400 | - |
| Furniture and equipment | 1 | - | 1 | - | 1 |
| Training and education | 2,560 | - | 2,560 | - | 2,560 |
| Special audit personal property | 3,400 | - | 3,400 | 3,000 | 400 |
| Total assessor's office | 330,923 | - | 330,923 | 327,156 | 3,767 |
| Board of Assessment Appeals | 2,690 | - | 2,690 | 2,148 | 542 |
| Total department of assessment | 333,613 | - | 333,613 | 329,304 | 4,309 |
| Department of Finance: | | | | | |
| Finance office: | | | | | |
| Director of finance | 116,353 | - | 116,353 | 116,353 | - |
| Senior accountant | 92,647 | - | 92,647 | 92,644 | 3 |
| Clerical salaries | 165,732 | - | 165,732 | 166,457 | (725) |
| Longevity | 4,790 | - | 4,790 | 4,790 | - |
| Postage | 1,700 | - | 1,700 | 1,744 | (44) |
| Advertising | 100 | - | 100 | 317 | (217) |
| Consumable supplies | 3,600 | - | 3,600 | 3,437 | 163 |
| Reproduction and printing | 750 | - | 750 | 646 | 104 |
| Telephone | 150 | - | 150 | 61 | 89 |
| Professional associations and publication | 1,600 | - | 1,600 | 1,470 | 130 |
| Payroll services | 24,000 | - | 24,000 | 21,944 | 2,056 |
| Equipment and software support | 24,000 | - | 24,000 | 22,185 | 1,815 |
| Furniture and equipment | 500 | - | 500 | 4,688 | (4,188) |
| Training and education | 1,000 | - | 1,000 | - | 1,000 |
| Technical and professional | 3,000 | - | 3,000 | 3,089 | (89) |
| Total finance office | 439,922 | - | 439,922 | 439,825 | 97 |
| Office of the Treasurer: | | | | | |
| Salary of treasurer | 4,458 | 1 | 4,459 | 4,459 | - |
| Expenses | 500 | - | 500 | 500 | - |
| Total office of the treasurer | 4,958 | 1 | 4,959 | 4,959 | - |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|-----------|----------------------------------|
| Office of the tax collector: | | | | | |
| Salary of tax collector | \$ 82,688 | \$ - | \$ 82,688 | \$ 82,688 | \$ - |
| Clerical salaries | 103,457 | - | 103,457 | 102,329 | 1,128 |
| Longevity | 850 | - | 850 | 850 | - |
| Postage | 17,000 | - | 17,000 | 12,644 | 4,356 |
| Advertising | 1,500 | - | 1,500 | 436 | 1,064 |
| Consumable supplies | 1,500 | - | 1,500 | 988 | 512 |
| Reproduction and printing | 8,000 | - | 8,000 | 5,892 | 2,108 |
| Telephone | 150 | - | 150 | 78 | 72 |
| Equipment | 1,000 | - | 1,000 | 528 | 472 |
| Professional associations and publications | 150 | - | 150 | 265 | (115) |
| Miscellaneous | 100 | - | 100 | - | 100 |
| Equipment and software support | 9,000 | - | 9,000 | 8,875 | 125 |
| Furniture and equipment | 1 | - | 1 | - | 1 |
| Training and education | 1,500 | - | 1,500 | 187 | 1,313 |
| Total office of the tax collector | 226,896 | - | 226,896 | 215,760 | 11,136 |
| Board of Finance: | | | | | |
| Clerical salaries | 3,300 | - | 3,300 | 3,950 | (650) |
| Postage | 400 | - | 400 | 400 | - |
| Advertising | 750 | - | 750 | 753 | (3) |
| Consumable supplies | 250 | - | 250 | 123 | 127 |
| Professional services | 12,000 | - | 12,000 | - | 12,000 |
| Legal support | 34,000 | - | 34,000 | - | 34,000 |
| Accounting and auditing | 70,977 | - | 70,977 | 69,500 | 1,477 |
| Special audit | 5,000 | - | 5,000 | - | 5,000 |
| GASB 75 (OPEB) | 110,000 | - | 110,000 | 110,000 | - |
| Teacher's retirement contribution | 50,000 | (50,000) | - | - | - |
| Contingency for education | 255,000 | (255,000) | - | - | - |
| PCB's and hazardous materials testing | 30,000 | - | 30,000 | 20,557 | 9,443 |
| Total Board of Finance | 571,677 | (305,000) | 266,677 | 205,283 | 61,394 |
| Risk management: | | | | | |
| Risk management stipend | 6,650 | - | 6,650 | 6,650 | - |
| Property and liability insurance | 691,150 | - | 691,150 | 651,327 | 39,823 |
| Claims and damages | 10,000 | (7,023) | 2,977 | (11,308) | 14,285 |
| Special projects | - | 34,649 | 34,649 | 62,477 | (27,828) |
| Safety program | 2,200 | - | 2,200 | 4,200 | (2,000) |
| Technical and professional | 21,000 | - | 21,000 | 17,500 | 3,500 |
| Total risk management | 731,000 | 27,626 | 758,626 | 730,846 | 27,780 |
| Total department of finance | 1,974,453 | (277,373) | 1,697,080 | 1,596,673 | 100,407 |
| Department of planning: | | | | | |
| Planning office: | | | | | |
| Director of planning | 110,813 | - | 110,813 | 60,711 | 50,102 |
| Planner | 86,855 | - | 86,855 | 87,686 | (831) |
| Blight enforcement officer stipend | 5,000 | - | 5,000 | 5,000 | - |
| Zoning & wetlands officer | 68,027 | - | 68,027 | 68,027 | - |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|------------|----------------------------------|
| Planning office (continued) | | | | | |
| Clerical salaries | \$ 102,795 | \$ - | \$ 102,795 | \$ 102,710 | \$ 85 |
| Clerical meeting | 5,500 | - | 5,500 | 3,400 | 2,100 |
| Longevity | 2,290 | - | 2,290 | 2,290 | - |
| Consumable supplies | 2,000 | - | 2,000 | 1,107 | 893 |
| Reproduction and printing | 3,000 | - | 3,000 | - | 3,000 |
| Telephone | 150 | - | 150 | 143 | 7 |
| Equipment | 4,500 | - | 4,500 | 4,069 | 431 |
| Professional associations and publications | 2,000 | - | 2,000 | 1,064 | 936 |
| Clothing allowance | 400 | - | 400 | 400 | - |
| Furniture and equipment | 1,000 | - | 1,000 | 119 | 881 |
| Training and education | 2,500 | - | 2,500 | 480 | 2,020 |
| Professional services | 30,000 | - | 30,000 | 19,506 | 10,494 |
| Total planning office | 426,830 | - | 426,830 | 356,712 | 70,118 |
| Planning and zoning commission: | | | | | |
| Postage | 3,500 | - | 3,500 | 1,000 | 2,500 |
| Professional services | 5,000 | - | 5,000 | - | 5,000 |
| Advertising and court steno | 20,000 | - | 20,000 | 21,100 | (1,100) |
| Expenses - GIS | 2,500 | - | 2,500 | - | 2,500 |
| Computerization/ archiving | 5,000 | - | 5,000 | - | 5,000 |
| Training and education | 1,000 | - | 1,000 | - | 1,000 |
| Total planning and zoning commission | 37,000 | - | 37,000 | 22,100 | 14,900 |
| Zoning board of appeals: | | | | | |
| Postage | 725 | - | 725 | 725 | - |
| Advertising | 6,000 | 4,010 | 10,010 | 10,010 | - |
| Total zoning board of appeals | 6,725 | 4,010 | 10,735 | 10,735 | - |
| Conservation commission: | | | | | |
| Professional associations and publication | 600 | - | 600 | 600 | - |
| Barn island field trips | 5,000 | - | 5,000 | 5,000 | - |
| Total conservation commission | 5,600 | - | 5,600 | 5,600 | - |
| Inland wetlands commission: | | | | | |
| Postage | 500 | - | 500 | 500 | - |
| Advertising | 2,000 | 1,249 | 3,249 | 3,249 | - |
| Total inland wetlands commission | 2,500 | 1,249 | 3,749 | 3,749 | - |
| Climate change task force: | | | | | |
| Clerical meetings | 1 | - | 1 | - | 1 |
| Seminars and programs (training and education) | 999 | - | 999 | - | 999 |
| Professional services | 1,000 | - | 1,000 | - | 1,000 |
| Total climate change task force | 2,000 | - | 2,000 | - | 2,000 |
| Total department of planning | 480,655 | 5,259 | 485,914 | 398,896 | 87,018 |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|---------------------------------------|--------------------|---|-----------------|------------|----------------------------------|
| Department of public works: | | | | | |
| Highway department: | | | | | |
| Public works director | \$ 108,041 | \$ - | \$ 108,041 | \$ 108,041 | \$ - |
| Labor salaries | 1,231,594 | - | 1,231,594 | 1,231,154 | 440 |
| Highway supervisor | 84,834 | 5,000 | 89,834 | 89,834 | - |
| Clerical salaries | 53,839 | - | 53,839 | 53,303 | 536 |
| Longevity | 21,480 | - | 21,480 | 21,480 | - |
| Postage | 400 | - | 400 | 78 | 322 |
| Consumable supplies | 5,500 | - | 5,500 | 4,316 | 1,184 |
| Telephone | 550 | - | 550 | 663 | (113) |
| Hardware | 16,800 | - | 16,800 | 16,758 | 42 |
| Miscellaneous | 1,900 | - | 1,900 | 1,920 | (20) |
| Clothing allowance | 9,800 | - | 9,800 | 9,716 | 84 |
| Training and education | 4,500 | - | 4,500 | 1,513 | 2,987 |
| Safety and protective | 22,000 | - | 22,000 | 21,448 | 552 |
| Land damage | 2,000 | - | 2,000 | 1,648 | 352 |
| Sidewalk repairs | 70,000 | 2,534 | 72,534 | 72,534 | - |
| Street signs | 7,000 | 4,000 | 11,000 | 10,842 | 158 |
| Tree trimming | 17,000 | - | 17,000 | 13,525 | 3,475 |
| Tree removal | 20,000 | - | 20,000 | 19,335 | 665 |
| Highway equipment | 17,000 | 24,000 | 41,000 | 40,338 | 662 |
| Road maintenance | 11,000 | - | 11,000 | 10,669 | 331 |
| Material disposal | 25,000 | (4,000) | 21,000 | 13,997 | 7,003 |
| Cemetery upkeep | 1,000 | - | 1,000 | 840 | 160 |
| Catch basin cleaning | 32,000 | - | 32,000 | 29,185 | 2,815 |
| Garage diagnostic equipment and tools | 3,000 | - | 3,000 | 3,000 | - |
| Leaf program | 1 | - | 1 | - | 1 |
| Bridge maintenance | 1,000 | - | 1,000 | - | 1,000 |
| Tree planting | 500 | - | 500 | - | 500 |
| Unleaded gasoline | 12,000 | 10,000 | 22,000 | 28,113 | (6,113) |
| Diesel fuel | 49,000 | (10,000) | 39,000 | 31,535 | 7,465 |
| Oil and lubrication | 5,500 | - | 5,500 | 6,456 | (956) |
| Repairs and maintenance (gas system) | 4,000 | - | 4,000 | 1,057 | 2,943 |
| Repairs and maintenance | 160,000 | - | 160,000 | 157,324 | 2,676 |
| Miscellaneous materials | 1,250 | - | 1,250 | 1,123 | 127 |
| Bituminous concrete | 33,000 | 5,000 | 38,000 | 38,000 | - |
| Drainage materials | 26,000 | 6,000 | 32,000 | 31,352 | 648 |
| Sand and gravel | 20,000 | - | 20,000 | 20,000 | - |
| Lumber | 8,000 | - | 8,000 | 7,666 | 334 |
| Pavement treatments | 75,000 | - | 75,000 | 75,000 | - |
| Annual fertilization program | 20,000 | - | 20,000 | 20,000 | - |
| Seasonal help | 36,000 | - | 36,000 | 29,805 | 6,195 |
| Materials, equipment, maintenance | 42,000 | - | 42,000 | 41,991 | 9 |
| Field work | 15,000 | - | 15,000 | 14,797 | 203 |
| Snow removal labor | 130,000 | (88,752) | 41,248 | 41,248 | - |
| Materials | 145,000 | (49,412) | 95,588 | 95,588 | - |
| Meal allowance | 4,000 | - | 4,000 | 2,249 | 1,751 |
| Total highway department | 2,553,489 | (95,630) | 2,457,859 | 2,419,441 | 38,418 |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|---|--------------------|---|-----------------|-----------|----------------------------------|
| Sanitation and waste removal: | | | | | |
| Salary of recycling/solid waste manager | \$ 91,670 | \$ - | \$ 91,670 | \$ 91,670 | \$ - |
| General labor | 394,712 | - | 394,712 | 381,401 | 13,311 |
| Clerical salaries | 52,689 | - | 52,689 | 53,456 | (767) |
| Longevity | 5,340 | - | 5,340 | 5,340 | - |
| Postage | 3,000 | - | 3,000 | 2,000 | 1,000 |
| Advertising | 300 | - | 300 | - | 300 |
| Consumable supplies | 1,400 | - | 1,400 | 1,399 | 1 |
| Reproduction and printing | 700 | - | 700 | 655 | 45 |
| Equipment | 100 | - | 100 | - | 100 |
| Professional associations and publications | 200 | - | 200 | 50 | 150 |
| Clothing allowance | 3,100 | - | 3,100 | 3,100 | - |
| Training and education | 500 | - | 500 | - | 500 |
| Unleaded gasoline | 3,500 | - | 3,500 | 2,680 | 820 |
| Diesel fuel | 8,000 | - | 8,000 | 6,583 | 1,417 |
| Road maintenance | 3,000 | - | 3,000 | 1,008 | 1,992 |
| Utilities | 6,500 | - | 6,500 | 5,924 | 576 |
| General operations | 48,000 | - | 48,000 | 36,295 | 11,705 |
| Parts and labor | 26,000 | 20,000 | 46,000 | 40,080 | 5,920 |
| Grading and seeding | 500 | - | 500 | - | 500 |
| Water testing and monitoring | 25,000 | - | 25,000 | 23,950 | 1,050 |
| Cap maintenance | 4,000 | - | 4,000 | - | 4,000 |
| Disposal fees (SCRRA) | 752,000 | (30,000) | 722,000 | 643,567 | 78,433 |
| Residential collection (SCRRA) | 606,000 | - | 606,000 | 604,266 | 1,734 |
| Commercial collection and rentals (SCRRA) | 550,000 | 10,000 | 560,000 | 546,010 | 13,990 |
| SCRRA consulting | 1 | - | 1 | - | 1 |
| SCRRA contribution | 1 | - | 1 | - | 1 |
| Diesel fuel (SCRRA) | 12,000 | - | 12,000 | 10,763 | 1,237 |
| Repairs and maintenance (SCRRA) | 14,000 | - | 14,000 | 13,612 | 388 |
| SCRRA receptacle costs | 112,000 | - | 112,000 | 112,000 | - |
| Furniture and equipment | 1 | - | 1 | - | 1 |
| Total sanitation and waste removal | 2,724,214 | - | 2,724,214 | 2,585,809 | 138,405 |
| Engineering services: | | | | | |
| Town engineer | 90,752 | (32,200) | 58,552 | 55,382 | 3,170 |
| Flood plain manager | 4,000 | - | 4,000 | 2,000 | 2,000 |
| Longevity | 250 | - | 250 | 250 | - |
| Phase II storm water | 80,000 | - | 80,000 | 80,000 | - |
| Community rating system | 3,500 | - | 3,500 | 3,009 | 491 |
| Expenses | 2,500 | - | 2,500 | 1,533 | 967 |
| Clothing allowance | 400 | - | 400 | 400 | - |
| Professional services | 15,000 | 26,080 | 41,080 | 40,957 | 123 |
| Total engineering services | 196,402 | (6,120) | 190,282 | 183,531 | 6,751 |
| Operation and maintenance Town building/property: | | | | | |
| Janitorial/maintenance salary | 78,534 | - | 78,534 | 77,868 | 666 |
| Longevity | 780 | - | 780 | 780 | - |
| Miscellaneous | 3,200 | - | 3,200 | 3,186 | 14 |
| Heating oil | 61,700 | - | 61,700 | 54,734 | 6,966 |
| Electricity | 140,950 | (9,000) | 131,950 | 111,100 | 20,850 |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|---|--------------------|---|-----------------|-----------|----------------------------------|
| Operation and maintenance Town building/property (continued) | | | | | |
| Water | \$ 27,700 | \$ (16,000) | \$ 11,700 | \$ 6,902 | \$ 4,798 |
| Sewer use | 22,900 | (16,000) | 6,900 | 2,844 | 4,056 |
| General maintenance | 202,700 | 69,250 | 271,950 | 243,448 | 28,502 |
| Street lighting | 220,000 | - | 220,000 | 203,982 | 16,018 |
| Total operation and maintenance Town building/property | 758,464 | 28,250 | 786,714 | 704,844 | 81,870 |
| Building official: | | | | | |
| Building official | 85,323 | - | 85,323 | 85,535 | (212) |
| Assistant building official | 68,027 | - | 68,027 | 68,279 | (252) |
| Clerical salaries | 79,234 | - | 79,234 | 77,217 | 2,017 |
| Longevity | 2,170 | - | 2,170 | 2,170 | - |
| Postage | 500 | - | 500 | 520 | (20) |
| Consumable supplies | 500 | - | 500 | 490 | 10 |
| Reproduction and printing | 750 | - | 750 | 852 | (102) |
| Telephone | 200 | - | 200 | 106 | 94 |
| Equipment | 4,000 | - | 4,000 | 3,337 | 663 |
| Professional associations and publications | 2,700 | - | 2,700 | 1,702 | 998 |
| Clothing allowance | 800 | - | 800 | 800 | - |
| Training and education | 1,500 | - | 1,500 | 70 | 1,430 |
| Furniture and equipment | 1 | - | 1 | - | 1 |
| Technical assistance | 1,000 | - | 1,000 | 100 | 900 |
| Total building official | 246,705 | - | 246,705 | 241,178 | 5,527 |
| Water Pollution Control Authority: | | | | | |
| Clerical salaries | 79,034 | - | 79,034 | 81,316 | (2,282) |
| Longevity | 2,110 | - | 2,110 | 2,110 | - |
| Postage | 6,300 | (1,021) | 5,279 | 2,000 | 3,279 |
| Advertising | 600 | - | 600 | - | 600 |
| Consumable supplies | 2,500 | - | 2,500 | 1,436 | 1,064 |
| Reproduction and printing | 1,300 | - | 1,300 | 1,261 | 39 |
| Telephone | 100 | - | 100 | 75 | 25 |
| Equipment | 6,000 | 1,021 | 7,021 | 6,421 | 600 |
| Total Water Pollution Control Authority | 97,944 | - | 97,944 | 94,619 | 3,325 |
| Total department of public works | 6,577,218 | (73,500) | 6,503,718 | 6,229,422 | 274,296 |
| Department of public safety: | | | | | |
| Police services: | | | | | |
| Salary of chief | 121,385 | - | 121,385 | 121,385 | - |
| Salary of captain | 112,934 | - | 112,934 | 112,934 | - |
| Salary of lieutenants | 197,605 | - | 197,605 | 197,873 | (268) |
| Salary of sergeants | 535,202 | - | 535,202 | 538,117 | (2,915) |
| Salary of regular officers | 2,303,265 | - | 2,303,265 | 2,269,142 | 34,123 |
| Janitorial/maintenance salary | 83,707 | - | 83,707 | 86,801 | (3,094) |
| Boating safety personnel | 17,000 | - | 17,000 | 15,520 | 1,480 |
| Training personnel services | 105,000 | - | 105,000 | 96,319 | 8,681 |
| Communications specialist | 418,286 | - | 418,286 | 413,136 | 5,150 |
| Communications specialist - overtime | 24,000 | - | 24,000 | 20,788 | 3,212 |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|-----------|----------------------------------|
| Police services (continued) | | | | | |
| Communications specialist - uniforms | \$ 3,800 | \$ - | \$ 3,800 | \$ 3,150 | \$ 650 |
| Community service officers | 25,000 | - | 25,000 | 14,175 | 10,825 |
| Special officers | 23,000 | - | 23,000 | 8,964 | 14,036 |
| Police commission clerical | 1,500 | - | 1,500 | 1,375 | 125 |
| School crossing guards | 36,000 | - | 36,000 | 36,078 | (78) |
| Animal control salaries | 64,571 | - | 64,571 | 58,040 | 6,531 |
| School safety personnel | 20,500 | - | 20,500 | 10,862 | 9,638 |
| Clerical salaries | 146,965 | - | 146,965 | 144,884 | 2,081 |
| Regular overtime | 160,000 | - | 160,000 | 150,252 | 9,748 |
| Longevity | 43,375 | - | 43,375 | 43,125 | 250 |
| Paid holidays | 175,000 | - | 175,000 | 181,720 | (6,720) |
| Postage | 1,500 | - | 1,500 | 1,431 | 69 |
| Advertising | 1,200 | - | 1,200 | - | 1,200 |
| Consumable supplies | 15,000 | (711) | 14,289 | 11,699 | 2,590 |
| Reproduction and printing | 5,000 | - | 5,000 | 3,833 | 1,167 |
| Equipment | 12,000 | (2,710) | 9,290 | 8,153 | 1,137 |
| Professional associations and publications | 1,500 | 470 | 1,970 | 1,970 | - |
| Miscellaneous | 7,000 | 725 | 7,725 | 7,851 | (126) |
| Canine program | 4,500 | - | 4,500 | 5,207 | (707) |
| Service officer's equipment | 1,500 | - | 1,500 | - | 1,500 |
| Boating safety expenses | 13,000 | - | 13,000 | 12,719 | 281 |
| Building maintenance | 26,000 | 2,226 | 28,226 | 28,605 | (379) |
| Maintenance/operations/radios | 86,000 | 161 | 86,161 | 86,161 | - |
| Traffic signs and signals | 44,000 | - | 44,000 | 38,370 | 5,630 |
| Law enforcement council | 13,126 | - | 13,126 | 13,126 | - |
| Drug program | 5,500 | - | 5,500 | 3,304 | 2,196 |
| Regular officers - uniforms | 28,000 | - | 28,000 | 28,812 | (812) |
| Special officers - uniforms | 1,000 | - | 1,000 | 194 | 806 |
| Outfitting new officers | 6,500 | - | 6,500 | 5,326 | 1,174 |
| Furniture and equipment | 3,000 | - | 3,000 | 1,997 | 1,003 |
| Telecommunications | 113,000 | (192) | 112,808 | 101,837 | 10,971 |
| Retirement fund | 780,000 | - | 780,000 | 752,932 | 27,068 |
| Physicals | 6,000 | - | 6,000 | 3,039 | 2,961 |
| Educational incentive | 2,500 | - | 2,500 | - | 2,500 |
| Postage | 100 | - | 100 | 26 | 74 |
| Advertising | 370 | (95) | 275 | - | 275 |
| Consumable supplies | 300 | - | 300 | - | 300 |
| Miscellaneous | 750 | 95 | 845 | 845 | - |
| Consumable supplies | 12,000 | - | 12,000 | 11,703 | 297 |
| Miscellaneous | 1,500 | - | 1,500 | - | 1,500 |
| Training | 18,000 | - | 18,000 | 13,536 | 4,464 |
| Telephone | 600 | 31 | 631 | 631 | - |
| Clothing allowance | 1,000 | - | 1,000 | 600 | 400 |
| Professional services | 2,000 | - | 2,000 | 1,282 | 718 |
| Building maintenance | 2,000 | - | 2,000 | 1,512 | 488 |
| Equipment (emergency vehicles) | 6,000 | - | 6,000 | 5,800 | 200 |
| Unleaded gasoline | 75,000 | - | 75,000 | 72,023 | 2,977 |
| Oil and lubrication | 3,000 | - | 3,000 | 3,000 | - |
| Parts and labor | 41,000 | - | 41,000 | 39,392 | 1,608 |
| Tires | 7,000 | - | 7,000 | 7,000 | - |
| Total department of public safety | 5,965,541 | - | 5,965,541 | 5,798,556 | 166,985 |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|-----------|----------------------------------|
| Department of human services: | | | | | |
| Office of human services: | | | | | |
| Human services director | \$ 83,233 | \$ - | \$ 83,233 | \$ 83,233 | \$ - |
| Social services administrator | 73,749 | - | 73,749 | 75,480 | (1,731) |
| Youth and family services administrator | 68,027 | - | 68,027 | 68,364 | (337) |
| Youth services program coordinator | 41,499 | - | 41,499 | 30,804 | 10,695 |
| Counseling services | 36,000 | - | 36,000 | 26,560 | 9,440 |
| Clerical salaries | 88,215 | - | 88,215 | 68,671 | 19,544 |
| Longevity | 3,720 | - | 3,720 | 3,720 | - |
| Postage | 2,000 | - | 2,000 | 2,000 | - |
| Consumable supplies | 1,500 | - | 1,500 | 1,499 | 1 |
| Telephone | 2,200 | - | 2,200 | 2,200 | - |
| Equipment | 3,000 | - | 3,000 | 2,983 | 17 |
| Reproduction and printing | 5,150 | - | 5,150 | 5,136 | 14 |
| Professional associations and publications | 1,700 | - | 1,700 | 1,435 | 265 |
| Youth and family services program | 8,000 | - | 8,000 | 7,767 | 233 |
| General assistance | 30,000 | - | 30,000 | 22,967 | 7,033 |
| Furniture and equipment | 1,300 | - | 1,300 | 1,300 | - |
| Training and education | 1,500 | - | 1,500 | 184 | 1,316 |
| Total office of human services | 450,793 | - | 450,793 | 404,303 | 46,490 |
| Commission on aging: | | | | | |
| Postage | 3,000 | - | 3,000 | 2,038 | 962 |
| Reproduction and printing | 1,100 | - | 1,100 | 1,030 | 70 |
| Program costs | 2,200 | - | 2,200 | 2,074 | 126 |
| Total commission on aging | 6,300 | - | 6,300 | 5,142 | 1,158 |
| Recreation: | | | | | |
| Salary of director | 67,988 | - | 67,988 | 67,951 | 37 |
| Recreation program coordinator | 37,101 | 349 | 37,450 | 37,805 | (355) |
| Longevity | 200 | - | 200 | 200 | - |
| Consumable supplies | 3,050 | - | 3,050 | 2,732 | 318 |
| Program expense | 7,500 | - | 7,500 | 7,500 | - |
| Equipment and trophies | 3,200 | - | 3,200 | 3,200 | - |
| Parts and labor | 4,500 | - | 4,500 | 4,500 | - |
| Utilities | 4,500 | - | 4,500 | 4,500 | - |
| Professional association / training | 1,000 | - | 1,000 | 1,000 | - |
| Total recreation | 129,039 | 349 | 129,388 | 129,388 | - |
| Libraries: | | | | | |
| Westerly public library | 93,000 | - | 93,000 | 93,000 | - |
| Stonington free library | 162,000 | - | 162,000 | 162,000 | - |
| Mystic and Noank library | 86,500 | - | 86,500 | 86,500 | - |
| Stonington historical society | 5,000 | - | 5,000 | 5,000 | - |
| Total libraries | 346,500 | - | 346,500 | 346,500 | - |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--------------------------------------|--------------------|---|-----------------|------------|----------------------------------|
| Outside agencies: | | | | | |
| Westerly pops concert | \$ 2,000 | \$ - | \$ 2,000 | \$ - | \$ 2,000 |
| Public health and nursing | 22,500 | - | 22,500 | 22,500 | - |
| Pawcatuck neighborhood center | 194,250 | - | 194,250 | 194,250 | - |
| Como senior citizens center | 77,500 | - | 77,500 | 77,500 | - |
| Mystic area shelter and hospital | 5,000 | - | 5,000 | 5,000 | - |
| Westerly area rest and meal | 6,000 | - | 6,000 | 6,000 | - |
| Westerly adult day services | 10,000 | - | 10,000 | 10,000 | - |
| Community vocational services | 4,000 | - | 4,000 | 4,000 | - |
| T.V.C.C.A. | 8,000 | - | 8,000 | 8,000 | - |
| Stonington prevention council | 1,000 | - | 1,000 | 1,000 | - |
| New London homeless hospitality | 2,500 | - | 2,500 | 2,500 | - |
| Safe futures, inc. | 2,000 | - | 2,000 | 2,000 | - |
| Sexual assault crisis center | 500 | - | 500 | 500 | - |
| Stonington cemetery | 2,500 | - | 2,500 | 2,500 | - |
| Denison Pequotsepos nature center | 5,000 | - | 5,000 | 5,000 | - |
| Ocean community chamber foundation | 2,000 | - | 2,000 | 2,000 | - |
| Total outside agencies | 344,750 | - | 344,750 | 342,750 | 2,000 |
| Ambulances: | | | | | |
| Stonington ambulance | 38,500 | - | 38,500 | 38,500 | - |
| Mystic river ambulance | 38,500 | - | 38,500 | 38,500 | - |
| Westerly ambulance | 42,500 | - | 42,500 | 42,500 | - |
| Fire department dispatch | 34,794 | 514 | 35,308 | 35,308 | - |
| Total ambulances | 154,294 | 514 | 154,808 | 154,808 | - |
| Total department of human services | 1,431,676 | 863 | 1,432,539 | 1,382,891 | 49,648 |
| Education | 37,455,749 | 145,351 | 37,601,100 | 37,004,394 | 596,706 |
| Debt service: | | | | | |
| Debt service interest: | | | | | |
| Series 2009 refunding - town | 15,183 | - | 15,183 | 15,183 | - |
| Series 2009 refunding - school | 10,067 | - | 10,067 | 10,067 | - |
| Series 2012 refunding - town | 22,154 | - | 22,154 | 22,154 | - |
| Series 2012 refunding - school | 299,852 | - | 299,852 | 299,852 | - |
| Series 2012 G.O. bonds (WPCA) | 256,500 | - | 256,500 | 205,346 | 51,154 |
| Series 2013 G.O. bonds | 110,900 | - | 110,900 | 110,900 | - |
| Series 2014 G.O. bonds | 45,161 | - | 45,161 | 45,161 | - |
| Series 2014 G.O. bonds (WPCA) | 149,163 | - | 149,163 | 149,164 | (1) |
| Series 2016 G.O. bonds - school | 427,500 | - | 427,500 | 427,500 | - |
| Series 2016 G.O. bonds - Mystic Park | 63,000 | - | 63,000 | 63,000 | - |
| Series 2017 G.O. bonds - school | 705,000 | - | 705,000 | 705,000 | - |
| Series 2018 G.O. bonds - school | 391,927 | - | 391,927 | 391,927 | - |
| Capital leases | 36,822 | - | 36,822 | 36,823 | (1) |
| 2018 Bond anticipation notes | 136,175 | - | 136,175 | 136,175 | - |
| Total debt service interest | 2,669,404 | - | 2,669,404 | 2,618,252 | 51,152 |

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual - By Line Item
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|---|--------------------|---|-----------------|---------------|----------------------------------|
| Debt service principal: | | | | | |
| Series 2009 refunding - town | \$ 303,000 | \$ - | \$ 303,000 | \$ 303,000 | \$ - |
| Series 2009 refunding - school | 202,000 | - | 202,000 | 202,000 | - |
| Series 2012 refunding - town | 110,000 | - | 110,000 | 110,000 | - |
| Series 2012 refunding - school | 1,485,000 | - | 1,485,000 | 1,485,000 | - |
| Series 2012 G.O. bonds (WPCA) | 600,000 | - | 600,000 | 600,000 | - |
| Series 2013 G.O. bonds | 215,000 | - | 215,000 | 215,000 | - |
| Series 2014 G.O bonds | 96,000 | - | 96,000 | 96,000 | - |
| Series 2014 G.O bonds (WPCA) | 319,000 | - | 319,000 | 319,000 | - |
| Series 2016 G.O. bonds - school | 750,000 | - | 750,000 | 750,000 | - |
| Series 2016 G.O. bonds - Mystic Park | 115,000 | - | 115,000 | 115,000 | - |
| Series 2017 G.O. bonds - school | 1,000,000 | - | 1,000,000 | 1,000,000 | - |
| Series 2018 G.O. bonds - school | 350,000 | - | 350,000 | 350,000 | - |
| Capital leases | 713,008 | - | 713,008 | 713,008 | - |
| Bonding costs | 6,000 | 900 | 6,900 | 6,900 | - |
| Total debt service principal | 6,264,008 | 900 | 6,264,908 | 6,264,908 | - |
| Total debt service | 8,933,412 | 900 | 8,934,312 | 8,883,160 | 51,152 |
| Total expenditures | 68,373,796 | (193,500) | 68,180,296 | 66,431,612 | 1,748,684 |
| Other financing uses: | | | | | |
| Transfers out: | | | | | |
| Miscellaneous fund | 300,000 | - | 300,000 | 300,000 | - |
| Capital nonrecurring fund | 4,725,024 | 276,092 | 5,001,116 | 5,001,116 | - |
| Sewer usage fund | 250,000 | - | 250,000 | 250,000 | - |
| Total other financing uses | 5,275,024 | 276,092 | 5,551,116 | 5,551,116 | - |
| Total expenditures and other financing uses | \$ 73,648,820 | \$ 82,592 | \$ 73,731,412 | \$ 71,982,728 | \$ 1,748,684 |

(Concluded)

Town of Stonington, Connecticut

General Fund
Education Department
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|--------------|----------------------------------|
| Building admin salary | \$ 2,107,369 | \$ - | \$ 2,107,369 | \$ 2,135,905 | \$ (28,536) |
| Teacher salary | 14,476,511 | 6,000 | 14,482,511 | 14,318,026 | 164,485 |
| Building admin secretary salary | 969,861 | 25,351 | 995,212 | 1,001,887 | (6,675) |
| Maintenance/custodial salary | 1,275,281 | (29,000) | 1,246,281 | 1,293,812 | (47,531) |
| Nurse salary | 313,280 | - | 313,280 | 333,147 | (19,867) |
| Aide salary | 1,786,178 | - | 1,786,178 | 1,896,000 | (109,822) |
| Noncertified professionals | 668,047 | - | 668,047 | 661,343 | 6,704 |
| Food service salary | - | - | - | 180,306 | (180,306) |
| Substitute/temp instructor salary | 290,063 | - | 290,063 | 209,121 | 80,942 |
| Substitute secretary salary | 16,000 | - | 16,000 | 4,066 | 11,934 |
| Substitute maintenance/custodial salary | 40,500 | - | 40,500 | 37,055 | 3,445 |
| Health services PT/substitute nurse | 133,713 | - | 133,713 | 160,332 | (26,619) |
| Substitute instructor aide | 45,100 | - | 45,100 | 68,680 | (23,580) |
| Extra curricular/athletics/curriculum | 311,607 | - | 311,607 | 333,710 | (22,103) |
| Gates receipts | - | - | - | (22,103) | 22,103 |
| Secretary overtime | 10,500 | - | 10,500 | 9,775 | 725 |
| Custodial/maintenance overtime salary | - | 29,000 | 29,000 | 64,570 | (35,570) |
| Health services nurse overtime | - | - | - | 2,185 | (2,185) |
| Aide overtime | - | - | - | 7 | (7) |
| Tutor | 172,000 | - | 172,000 | 143,754 | 28,246 |
| OPEB benefits | - | 114,000 | 114,000 | 114,000 | - |
| Health insurance | 4,836,616 | - | 4,836,616 | 4,538,931 | 297,685 |
| Flex plan | 18,000 | - | 18,000 | 3,600 | 14,400 |
| Life insurance | 35,000 | - | 35,000 | 32,308 | 2,692 |
| Long-term disability insurance | 7,055 | - | 7,055 | 7,611 | (556) |
| Pension | 496,727 | - | 496,727 | 531,512 | (34,785) |
| FICA | 251,231 | - | 251,231 | 241,003 | 10,228 |
| Medicare | 332,052 | - | 332,052 | 311,397 | 20,655 |
| Workers compensation | 169,650 | - | 169,650 | 184,275 | (14,625) |
| Unemployment | 81,916 | - | 81,916 | 82,071 | (155) |
| Course credit | 31,200 | - | 31,200 | 19,424 | 11,776 |
| Student enrichment | 20,390 | - | 20,390 | 10,537 | 9,853 |
| Professional development instructor consultant | 22,800 | 30,000 | 52,800 | 53,264 | (464) |
| Professional tech | 169,837 | - | 169,837 | 147,887 | 21,950 |
| Other professional and tech services | 415,204 | - | 415,204 | 494,027 | (78,823) |
| In town travel | 17,543 | - | 17,543 | 11,641 | 5,902 |
| Referees | 43,178 | - | 43,178 | 22,432 | 20,746 |
| Police services | 56,085 | - | 56,085 | 34,529 | 21,556 |
| Public utility | 788,305 | - | 788,305 | 711,889 | 76,416 |
| Repairs and maintenance | 448,859 | (200) | 448,659 | 459,296 | (10,637) |
| Rentals | 77,714 | 1,610 | 79,324 | 51,901 | 27,423 |
| Regular bus transportation | 1,490,770 | - | 1,490,770 | 1,353,929 | 136,841 |
| Magnet school transportation | - | - | - | (71,500) | 71,500 |
| Special needs transportation | 564,467 | - | 564,467 | 448,808 | 115,659 |
| Excess cost transportation | (182,504) | - | (182,504) | (117,377) | (65,127) |
| Field trips | 97,753 | - | 97,753 | 51,268 | 46,485 |
| Property and liability insurance | 298,876 | - | 298,876 | 262,430 | 36,446 |

(Continued)

Town of Stonington, Connecticut

General Fund
Education Department
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|---|----------------------|---|----------------------|----------------------|----------------------------------|
| Communication | \$ 139,282 | \$ - | \$ 139,282 | \$ 125,003 | \$ 14,279 |
| Advertising | 2,500 | - | 2,500 | 4,136 | (1,636) |
| Printing and binding | 14,174 | - | 14,174 | 9,547 | 4,627 |
| Tuition | 2,790,805 | - | 2,790,805 | 2,978,993 | (188,188) |
| Excess cost tuition | (547,514) | - | (547,514) | (761,633) | 214,119 |
| Public tuition | - | - | - | 423,310 | (423,310) |
| Conferences | 83,550 | - | 83,550 | 54,583 | 28,967 |
| Noninstructional supplies | 95,793 | (1,577) | 94,216 | 65,024 | 29,192 |
| Instructional supplies | 280,320 | (15,000) | 265,320 | 185,962 | 79,358 |
| Technical supplies | 600 | - | 600 | 400 | 200 |
| Maintenance supplies | 244,161 | - | 244,161 | 268,514 | (24,353) |
| Transportation fuel | 248,399 | - | 248,399 | 139,966 | 108,433 |
| Heat energy | 396,668 | - | 396,668 | 212,295 | 184,373 |
| Bid supplies | 68,455 | - | 68,455 | 64,039 | 4,416 |
| Classroom books | 52,117 | (15,000) | 37,117 | 25,806 | 11,311 |
| Library and media books | 21,000 | - | 21,000 | 17,784 | 3,216 |
| Media supplies | 2,300 | - | 2,300 | 657 | 1,643 |
| Professional materials | 18,000 | - | 18,000 | 16,309 | 1,691 |
| New equipment instructional | 40,000 | - | 40,000 | 11,217 | 28,783 |
| New equipment noninstructional | 5,700 | - | 5,700 | 4,739 | 961 |
| Replacement equipment instructional | 58,050 | (58) | 57,992 | 76,590 | (18,598) |
| Replacement equipment non-instructional | 18,565 | (485) | 18,080 | 24,839 | (6,759) |
| Dues and fees | 81,695 | 710 | 82,405 | 90,632 | (8,227) |
| Curriculum technical/licenses | 136,395 | - | 136,395 | 143,011 | (6,616) |
| Total expenditures | 37,455,749 | 145,351 | 37,601,100 | 37,004,394 | 596,706 |
| Amount reported as transfer out on RSI 1C | 300,000 | - | 300,000 | 300,000 | - |
| Totals | <u>\$ 37,755,749</u> | <u>\$ 145,351</u> | <u>\$ 37,901,100</u> | <u>\$ 37,304,394</u> | <u>\$ 596,706</u> |

(Concluded)

Other Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted, committed, or assigned to expenditures for particular purposes.

| Fund | Funding Source | Function |
|--|---------------------------------|--|
| Sewer Assessment Fund | Charges for services | Sewer maintenance |
| Shellfish Fund | Charges for services | Fund costs for recreation programs |
| Town Aid Road Fund | State grants | Public works programs |
| Dog License Fund | Licenses and fees | Animal control program |
| SNEFLA Reserve Fund | Charges for services | Town dock maintenance |
| Youth Service Activity Fund | Charges for services | Youth programs |
| Community Development Block Grant Fund | State and Federal grants | Account for housing programs |
| Planning and Development Grant Fund | State and Federal grants | Projects or improvements as determined by the Board of Finance |
| Recreation Commission Fund | Charges for services | Fund costs for recreation programs |
| Sewer Infiltration Fund | Use of money and property | Sewer maintenance |
| Sewer Development and Maintenance Fund | Charges for services | Sewer maintenance |
| Human Services Grant Fund | State and Federal grants | Human service programs |
| Prepaid Education Grants Fund | State and Federal grants | Education programs |
| Hot Lunch Program Fund | Sale of food and grants | School lunch and breakfast program |
| Miscellaneous Fund | Grants and charges for services | Police outside services and other grant programs |
| Stonington Harbor Management Fund | Charges for services | Fund costs for recreation programs |
| Mystic Harbor Management Fund | Charges for services | Fund costs for recreation programs |

Capital Projects Funds

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

| Fund | Funding Source | Function |
|------------------------------|------------------|---|
| Bonded Capital Projects Fund | Grants and bonds | Capital project funds account for financial resources to be used for major construction or acquisition of facilities. |

Town of Stonington, Connecticut
Combining Balance Sheet
Other Governmental Funds
June 30, 2020

| | | Special Revenue Funds | | | | | | |
|---|--|-----------------------------|-------------------|--------------------------|------------------------|---------------------------|-----------------------------------|---|
| | | Sewer Assessment Fund | Shellfish Fund | Town Aid Road Fund | Dog License Fund | SNEFLA Reserve Fund | Youth Service Activity Fund | Community Development Block Grant Fund |
| <u>Assets</u> | | | | | | | | |
| Cash | | \$ 29,693 | \$ 41,171 | \$ - | \$ 21,333 | \$ 209,608 | \$ 220,751 | \$ 36,066 |
| Receivables (net): | | | | | | | | |
| Loans | | - | - | - | - | - | - | 186,204 |
| Assessments/use charges | | 1,657 | - | - | - | - | - | - |
| Intergovernmental | | - | - | - | - | - | - | 184,085 |
| Other | | - | - | - | - | - | 6,049 | - |
| Due from other funds | | - | - | 568,023 | 9,710 | - | 5,634 | - |
| Total assets | | <u>\$ 31,350</u> | <u>\$ 41,171</u> | <u>\$ 568,023</u> | <u>\$ 31,043</u> | <u>\$ 209,608</u> | <u>\$ 232,434</u> | <u>\$ 406,355</u> |
| <u>Liabilities</u> | | | | | | | | |
| Accounts payable | | \$ - | \$ 2,162 | \$ 105,553 | \$ 225 | \$ - | \$ 835 | \$ 128,877 |
| Due to other funds | | - | 1,502 | - | - | - | 22,185 | 55,208 |
| Unearned revenue | | - | - | - | - | - | - | - |
| Total liabilities | | <u>-</u> | <u>3,664</u> | <u>105,553</u> | <u>225</u> | <u>-</u> | <u>23,020</u> | <u>184,085</u> |
| <u>Deferred Inflows of Resources</u> | | | | | | | | |
| Unavailable revenue- assessments/use charges | | <u>1,657</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Fund Balances</u> | | | | | | | | |
| Restricted | | 29,693 | - | 462,470 | - | - | - | 222,270 |
| Committed | | - | 37,507 | - | - | 209,608 | - | - |
| Assigned | | - | - | - | 30,818 | - | 209,414 | - |
| Unassigned | | - | - | - | - | - | - | - |
| Total fund balances | | <u>29,693</u> | <u>37,507</u> | <u>462,470</u> | <u>30,818</u> | <u>209,608</u> | <u>209,414</u> | <u>222,270</u> |
| Total liabilities, deferred inflows of resources and fund balances | | <u>\$ 31,350</u> | <u>\$ 41,171</u> | <u>\$ 568,023</u> | <u>\$ 31,043</u> | <u>\$ 209,608</u> | <u>\$ 232,434</u> | <u>\$ 406,355</u> |

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

Special Revenue Funds

| | Planning And Development Grant Fund | Recreation Commission Fund | Sewer Infiltration Fund | Sewer Development and Maintenance Fund | Human Services Grant Fund | Prepaid Education Grants Fund | Hot Lunch Program Fund |
|---|--|----------------------------------|-------------------------------|---|---------------------------------|--|------------------------------|
| <u>Assets</u> | | | | | | | |
| Cash | \$ - | \$ 35,515 | \$ 31,569 | \$ 1,902,971 | \$ - | \$ 35,445 | \$ 29,309 |
| Receivables (net): | | | | | | | |
| Loans | - | - | - | - | - | - | - |
| Assessments/use charges | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | 63,468 |
| Other | - | 11,925 | - | - | - | - | - |
| Due from other funds | 112,137 | 15,343 | - | - | 47,866 | 10,201 | - |
| Total assets | <u>\$ 112,137</u> | <u>\$ 62,783</u> | <u>\$ 31,569</u> | <u>\$ 1,902,971</u> | <u>\$ 47,866</u> | <u>\$ 45,646</u> | <u>\$ 92,777</u> |
| <u>Liabilities</u> | | | | | | | |
| Accounts payable | \$ - | \$ 4,968 | \$ - | \$ - | \$ - | \$ - | \$ 32,123 |
| Due to other funds | - | 6,041 | - | - | 5,634 | - | - |
| Unearned revenue | 4,625 | - | - | - | 28,092 | 44,472 | 13,021 |
| Total liabilities | <u>4,625</u> | <u>11,009</u> | <u>-</u> | <u>-</u> | <u>33,726</u> | <u>44,472</u> | <u>45,144</u> |
| <u>Deferred Inflows of Resources</u> | | | | | | | |
| Unavailable revenue- assessments/use charges | - | - | - | - | - | - | - |
| <u>Fund Balances</u> | | | | | | | |
| Restricted | - | - | - | 1,902,971 | 14,140 | - | 47,633 |
| Committed | - | - | - | - | - | - | - |
| Assigned | 107,512 | 51,774 | 31,569 | - | - | 1,174 | - |
| Unassigned | - | - | - | - | - | - | - |
| Total fund balances | <u>107,512</u> | <u>51,774</u> | <u>31,569</u> | <u>1,902,971</u> | <u>14,140</u> | <u>1,174</u> | <u>47,633</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 112,137</u> | <u>\$ 62,783</u> | <u>\$ 31,569</u> | <u>\$ 1,902,971</u> | <u>\$ 47,866</u> | <u>\$ 45,646</u> | <u>\$ 92,777</u> |

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

Special Revenue Funds

| | Miscellaneous Fund | Stonington Harbor Management Fund | Mystic Harbor Management Fund | Total | Bonded Capital Projects Fund | Total Other Governmental Funds |
|---|-----------------------|--|--|---------------------|---------------------------------------|---|
| <u>Assets</u> | | | | | | |
| Cash | \$ 767,816 | \$ 300 | \$ - | \$ 3,361,547 | \$ - | \$ 3,361,547 |
| Receivables (net): | | | | | | |
| Loans | - | - | - | 186,204 | - | 186,204 |
| Assessments/use charges | - | - | - | 1,657 | - | 1,657 |
| Intergovernmental | 86,914 | - | - | 334,467 | - | 334,467 |
| Other | 72,785 | - | - | 90,759 | - | 90,759 |
| Due from other funds | 69,021 | 62,857 | 52,397 | 953,189 | - | 953,189 |
| Total assets | <u>\$ 996,536</u> | <u>\$ 63,157</u> | <u>\$ 52,397</u> | <u>\$ 4,927,823</u> | <u>\$ -</u> | <u>\$ 4,927,823</u> |
| <u>Liabilities</u> | | | | | | |
| Accounts payable | \$ - | \$ 2,397 | \$ - | \$ 277,140 | \$ 42,379 | \$ 319,519 |
| Due to other funds | - | - | - | 90,570 | 7,547 | 98,117 |
| Unearned revenue | 14,824 | - | - | 105,034 | - | 105,034 |
| Total liabilities | <u>14,824</u> | <u>2,397</u> | <u>-</u> | <u>472,744</u> | <u>49,926</u> | <u>522,670</u> |
| <u>Deferred Inflows of Resources</u> | | | | | | |
| Unavailable revenue- assessments/use charges | - | - | - | 1,657 | - | 1,657 |
| <u>Fund Balances</u> | | | | | | |
| Restricted | 25,003 | - | - | 2,704,180 | - | 2,704,180 |
| Committed | - | - | - | 247,115 | - | 247,115 |
| Assigned | 956,709 | 60,760 | 52,397 | 1,502,127 | - | 1,502,127 |
| Unassigned | - | - | - | - | (49,926) | (49,926) |
| Total fund balances | <u>981,712</u> | <u>60,760</u> | <u>52,397</u> | <u>4,453,422</u> | <u>(49,926)</u> | <u>4,403,496</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 996,536</u> | <u>\$ 63,157</u> | <u>\$ 52,397</u> | <u>\$ 4,927,823</u> | <u>\$ -</u> | <u>\$ 4,927,823</u> |

(Concluded)

Town of Stonington, Connecticut
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

Special Revenue Funds

| | Sewer Assessment Fund | Shellfish Fund | Town Aid Road Fund | Dog License Fund | SNEFLA Reserve Fund | Youth Service Activity Fund | Community Development Block Grant Fund |
|---|-----------------------------|-------------------|--------------------------|---------------------|---------------------------|-----------------------------------|---|
| Revenues: | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ 299,262 | \$ - | \$ - | \$ - | \$ 276,462 |
| Charges for services | 1,416 | 13,079 | - | 17,051 | 12,500 | 53,891 | - |
| Use of money and property | - | 269 | - | 590 | 1,272 | 2,281 | 218 |
| Other | - | - | - | - | - | 28,304 | - |
| Total revenues | <u>1,416</u> | <u>13,348</u> | <u>299,262</u> | <u>17,641</u> | <u>13,772</u> | <u>84,476</u> | <u>276,680</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public works | - | - | 145,629 | - | - | - | - |
| Public safety | - | - | - | 5,654 | - | - | - |
| Human services | - | - | - | - | - | - | - |
| Recreation | - | 10,869 | - | - | - | - | - |
| Education | - | - | - | - | - | 81,659 | 276,461 |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>10,869</u> | <u>145,629</u> | <u>5,654</u> | <u>-</u> | <u>81,659</u> | <u>276,461</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,416</u> | <u>2,479</u> | <u>153,633</u> | <u>11,987</u> | <u>13,772</u> | <u>2,817</u> | <u>219</u> |
| Other financing sources (uses): | | | | | | | |
| Issuance of debt | - | - | - | - | - | - | - |
| Payment to refunded bonds escrow agent | - | - | - | - | - | - | - |
| Premium | - | - | - | - | - | - | - |
| Sale of capital asset | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Net other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 1,416 | 2,479 | 153,633 | 11,987 | 13,772 | 2,817 | 219 |
| Fund balances - July 1, 2019 | <u>28,277</u> | <u>35,028</u> | <u>308,837</u> | <u>18,831</u> | <u>195,836</u> | <u>206,597</u> | <u>222,051</u> |
| Fund balances - June 30, 2020 | <u>\$ 29,693</u> | <u>\$ 37,507</u> | <u>\$ 462,470</u> | <u>\$ 30,818</u> | <u>\$ 209,608</u> | <u>\$ 209,414</u> | <u>\$ 222,270</u> |

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

Special Revenue Funds

| | Planning and Development Grant Fund | Recreation Commission Fund | Sewer Infiltration Fund | Sewer Development and Maintenance Fund | Human Services Grant Fund | Prepaid Education Grants Fund | Hot Lunch Program Fund |
|---|--|----------------------------------|-------------------------------|---|---------------------------------|--|------------------------------|
| Revenues: | | | | | | | |
| Intergovernmental | \$ 358,758 | \$ - | \$ - | \$ - | \$ 21,463 | \$ 2,058,157 | \$ 368,532 |
| Charges for services | - | 105,633 | - | 240,732 | - | - | 320,582 |
| Use of money and property | - | 707 | 203 | 11,460 | - | - | - |
| Other | - | 783 | - | - | - | - | - |
| Total revenues | <u>358,758</u> | <u>107,123</u> | <u>203</u> | <u>252,192</u> | <u>21,463</u> | <u>2,058,157</u> | <u>689,114</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 358,758 | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - |
| Human services | - | - | - | - | 22,464 | - | - |
| Recreation | - | 196,017 | - | - | - | - | - |
| Education | - | - | - | - | - | 2,067,676 | 718,041 |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | 188 | - | - | - |
| Total expenditures | <u>358,758</u> | <u>196,017</u> | <u>-</u> | <u>188</u> | <u>22,464</u> | <u>2,067,676</u> | <u>718,041</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(88,894)</u> | <u>203</u> | <u>252,004</u> | <u>(1,001)</u> | <u>(9,519)</u> | <u>(28,927)</u> |
| Other financing sources (uses): | | | | | | | |
| Issuance of debt | - | - | - | - | - | - | - |
| Payment to refunded bonds escrow agent | - | - | - | - | - | - | - |
| Premium | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Net other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | - | (88,894) | 203 | 252,004 | (1,001) | (9,519) | (28,927) |
| Fund balances - July 1, 2019 | <u>107,512</u> | <u>140,668</u> | <u>31,366</u> | <u>1,650,967</u> | <u>15,141</u> | <u>10,693</u> | <u>76,560</u> |
| Fund balances - June 30, 2020 | <u>\$ 107,512</u> | <u>\$ 51,774</u> | <u>\$ 31,569</u> | <u>\$ 1,902,971</u> | <u>\$ 14,140</u> | <u>\$ 1,174</u> | <u>\$ 47,633</u> |

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

| | Special Revenue Funds | | | | | |
|---|-----------------------|--|--|--------------|---------------------------------------|---|
| | Miscellaneous Fund | Stonington Harbor Management Fund | Mystic Harbor Management Fund | Total | Bonded Capital Projects Fund | Total Other Governmental Funds |
| Revenues: | | | | | | |
| Intergovernmental | \$ 176,479 | \$ - | \$ - | \$ 3,559,113 | \$ 122,353 | \$ 3,681,466 |
| Charges for services | 537,718 | 25,973 | 16,150 | 1,344,725 | - | 1,344,725 |
| Use of money and property | 5,797 | - | - | 22,797 | - | 22,797 |
| Other | 2,079 | 250 | - | 31,416 | 63,779 | 95,195 |
| Total revenues | 722,073 | 26,223 | 16,150 | 4,958,051 | 186,132 | 5,144,183 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 284,307 | - | - | 643,065 | - | 643,065 |
| Public works | - | - | - | 145,629 | - | 145,629 |
| Public safety | 578,417 | - | - | 584,071 | - | 584,071 |
| Human services | - | - | - | 22,464 | - | 22,464 |
| Recreation | - | 9,720 | 2,948 | 219,554 | - | 219,554 |
| Education | - | - | - | 3,143,837 | - | 3,143,837 |
| Debt service | - | - | - | - | 90,355 | 90,355 |
| Capital outlay | - | - | - | 188 | 317,098 | 317,286 |
| Total expenditures | 862,724 | 9,720 | 2,948 | 4,758,808 | 407,453 | 5,166,261 |
| Excess (deficiency) of revenues over expenditures | (140,651) | 16,503 | 13,202 | 199,243 | (221,321) | (22,078) |
| Other financing sources (uses): | | | | | | |
| Issuance of debt | - | - | - | - | 6,525,000 | 6,525,000 |
| Payment to refunded bonds escrow agent | - | - | - | - | (7,290,042) | (7,290,042) |
| Premium | - | - | - | - | 855,397 | 855,397 |
| Transfers in | 300,000 | - | - | 300,000 | - | 300,000 |
| Net other financing sources (uses) | 300,000 | - | - | 300,000 | 90,355 | 390,355 |
| Net change in fund balances | 159,349 | 16,503 | 13,202 | 499,243 | (130,966) | 368,277 |
| Fund balances - July 1, 2019 | 822,363 | 44,257 | 39,195 | 3,954,179 | 81,040 | 4,035,219 |
| Fund balances - June 30, 2020 | \$ 981,712 | \$ 60,760 | \$ 52,397 | \$ 4,453,422 | \$ (49,926) | \$ 4,403,496 |

(Concluded)

Internal Service Funds

Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention.

| Fund | Function |
|-------------------|--|
| | |
| Town Medical Fund | To account for medical claims of the Town employees. |
| | |
| Town Dock Fund | To account for the general liability and property damage claims for the Town's dock. |
| | |

Town of Stonington, Connecticut
Internal Service Funds
Combining Statement of Net Position
June 30, 2020

| | <u>Town Medical Fund</u> | <u>Town Dock Fund</u> | <u>Total</u> |
|----------------------|------------------------------|---------------------------|----------------------------|
| <u>Assets</u> | | | |
| Current assets: | | | |
| Cash | \$ 5,150,510 | \$ 732,488 | \$ 5,882,998 |
| Account receivable | 15,008 | - | 15,008 |
| Due from other funds | <u>316,022</u> | <u>150,000</u> | <u>466,022</u> |
| Total current assets | <u>5,481,540</u> | <u>882,488</u> | <u>6,364,028</u> |
| <u>Liability</u> | | | |
| Current liability: | | | |
| Claims payable | <u>343,000</u> | <u>-</u> | <u>343,000</u> |
| <u>Net Position</u> | | | |
| Unrestricted | <u><u>\$ 5,138,540</u></u> | <u><u>\$ 882,488</u></u> | <u><u>\$ 6,021,028</u></u> |

Town of Stonington, Connecticut

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

| | <u>Town Medical Fund</u> | <u>Town Dock Fund</u> | <u>Total</u> |
|------------------------------|------------------------------|---------------------------|----------------------------|
| Operating revenues: | | | |
| Charges for services | <u>\$ 7,421,652</u> | <u>\$ 150,000</u> | <u>\$ 7,571,652</u> |
| Operating expenses: | | | |
| Claims | 4,603,222 | - | 4,603,222 |
| Administration and insurance | <u>1,433,000</u> | <u>-</u> | <u>1,433,000</u> |
| Total operating expenses | <u>6,036,222</u> | <u>-</u> | <u>6,036,222</u> |
| Operating income (loss) | 1,385,430 | 150,000 | 1,535,430 |
| Nonoperating revenues: | | | |
| Income from investments | <u>42,959</u> | <u>7,455</u> | <u>50,414</u> |
| Change in net position | 1,428,389 | 157,455 | 1,585,844 |
| Net position - July 1, 2019 | <u>3,710,151</u> | <u>725,033</u> | <u>4,435,184</u> |
| Net position - June 30, 2020 | <u><u>\$ 5,138,540</u></u> | <u><u>\$ 882,488</u></u> | <u><u>\$ 6,021,028</u></u> |

Town of Stonington, Connecticut

Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

| | <u>Town Medical Fund</u> | <u>Town Dock Fund</u> | <u>Total</u> |
|---|------------------------------|---------------------------|---------------------|
| Cash flows from (used in) operating activities: | | | |
| Cash received for charges | \$ 8,019,213 | \$ 60,000 | \$ 8,079,213 |
| Cash paid for claims | (4,704,222) | - | (4,704,222) |
| Cash paid for administration and insurance | (1,433,000) | - | (1,433,000) |
| Net cash from (used in) operating activities | 1,881,991 | 60,000 | 1,941,991 |
| Cash flows from (used in) investing activities: | | | |
| Income from investments | 42,959 | 7,455 | 50,414 |
| Net increase (decrease) in cash | 1,924,950 | 67,455 | 1,992,405 |
| Cash - July 1, 2019 | 3,225,560 | 665,033 | 3,890,593 |
| Cash - June 30, 2020 | <u>\$ 5,150,510</u> | <u>\$ 732,488</u> | <u>\$ 5,882,998</u> |
| Reconciliation of operating income (loss) to net cash from (used in) operating activities: | | | |
| Operating income (loss) | \$ 1,385,430 | \$ 150,000 | \$ 1,535,430 |
| Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities: | | | |
| (Increase) decrease in: | | | |
| Accounts receivable | (15,008) | - | (15,008) |
| Due from other funds | 612,569 | (90,000) | 522,569 |
| Increase (decrease) in: | | | |
| Claims payable | (101,000) | - | (101,000) |
| Net cash from (used in) operating activities | <u>\$ 1,881,991</u> | <u>\$ 60,000</u> | <u>\$ 1,941,991</u> |

Trend Information

This part of the Town's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

| Table | Description |
|-------------------------------|--|
| Financial Trends (Tables 1-4) | These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. |
| | |
| Debt Capacity (Table 5) | This schedule presents information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. |

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the fiscal year.

Town of Stonington, Connecticut

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

| | June 30 | | | | | | | | | |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2018 | 2017 (as restated) | 2016 (as restated) | 2015 (as restated) | 2014 | 2013 | 2012 | 2011 |
| Net investment in capital assets | \$ 114,933,273 | \$ 114,079,006 | \$ 91,526,714 | \$ 90,224,341 | \$ 90,575,409 | \$ 88,407,197 | \$ 89,847,001 | \$ 92,169,328 | \$ 89,588,921 | \$ 88,872,739 |
| Restricted for: | | | | | | | | | | |
| Public safety | 25,003 | 9,679 | 9,036 | 7,469 | 5,133 | 5,125 | 5,822 | 5,146 | 5,145 | 6,248 |
| Highway department | 462,470 | 308,837 | 333,087 | 410,392 | 593,636 | 280,488 | 280,488 | 289,784 | 161,772 | 103,222 |
| Sanitation and waste removal | 2,025,740 | 2,154,209 | 1,806,219 | 1,130,388 | 888,463 | 181,673 | 215,378 | 203,662 | 120,534 | 88,972 |
| Human services | 14,140 | 15,141 | 8,606 | 8,949 | 10,328 | 10,133 | 8,933 | 18,031 | 5,934 | 4,525 |
| Housing rehabilitation programs | 222,270 | 222,051 | 2,321 | - | - | - | - | - | - | - |
| Education | 47,633 | 76,560 | 66,771 | 13,623 | 58,858 | 106,255 | 127,699 | 139,827 | 141,620 | 147,265 |
| Unrestricted | 15,942,479 | 11,584,828 | 32,378,538 | 20,367,243 | 11,584,828 | 24,812,582 | 21,079,550 | 21,431,285 | 21,800,934 | 18,794,839 |
| Total net position | <u>\$ 133,673,008</u> | <u>\$ 128,450,311</u> | <u>\$ 126,131,292</u> | <u>\$ 112,162,405</u> | <u>\$ 103,716,655</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> |

Table 2

Town of Stonington, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

For the Year Ended June 30

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Expenses: | | | | | | | | | | |
| General government | \$ 7,174,167 | \$ 6,671,051 | \$ 6,413,843 | \$ 6,970,251 | \$ 7,405,330 | \$ 6,544,315 | \$ 6,608,931 | \$ 5,778,038 | \$ 5,012,446 | \$ 4,914,421 |
| Public works | 11,554,946 | 11,885,939 | 10,796,863 | 11,276,165 | 10,648,589 | 10,452,637 | 10,968,077 | 9,963,077 | 9,679,115 | 10,262,709 |
| Public safety | 9,002,428 | 13,762,509 | 7,554,488 | 5,436,321 | 6,772,583 | 5,665,553 | 5,422,414 | 5,521,224 | 5,581,519 | 5,315,579 |
| Human services | 548,536 | 635,426 | 647,978 | 1,357,983 | 664,788 | 471,882 | 494,100 | 509,893 | 569,571 | 614,509 |
| Social services | 347,892 | 320,180 | 311,925 | 294,958 | 271,266 | 255,329 | 231,229 | 210,131 | 207,965 | 189,294 |
| Recreation | 348,942 | 426,209 | 311,665 | 250,966 | 274,055 | 185,163 | 171,977 | 174,252 | 297,402 | 225,268 |
| Libraries | 346,500 | 330,500 | 330,500 | 329,500 | 319,500 | 304,810 | 284,810 | 284,810 | 269,810 | 269,810 |
| Education | 47,386,880 | 48,294,352 | 47,503,219 | 44,882,290 | 42,323,983 | 42,278,343 | 40,881,875 | 38,918,207 | 37,414,978 | 36,114,479 |
| Interest | 2,778,496 | 2,276,018 | 2,317,055 | 2,112,956 | 1,290,904 | 1,494,879 | 1,326,010 | 1,473,813 | 888,461 | 907,607 |
| Total expenses | <u>79,488,787</u> | <u>84,602,184</u> | <u>76,187,536</u> | <u>72,911,390</u> | <u>69,970,998</u> | <u>67,652,911</u> | <u>66,389,423</u> | <u>62,833,445</u> | <u>59,921,267</u> | <u>58,813,676</u> |
| Program revenues: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 1,096,361 | 1,101,618 | 1,067,646 | 888,589 | 1,154,923 | 729,068 | 851,715 | 750,359 | 711,631 | 741,220 |
| Public works | 4,926,378 | 5,179,984 | 4,318,929 | 4,386,139 | 4,331,319 | 4,245,079 | 4,123,054 | 4,290,346 | 4,230,909 | 4,589,078 |
| Public safety | 721,416 | 542,641 | 512,811 | 400,093 | 420,309 | 49,590 | 113,262 | 112,167 | 77,259 | 98,889 |
| Human services | - | - | - | - | 97,750 | 79,759 | 96,818 | 74,649 | 96,865 | 78,270 |
| Recreation | 147,756 | 276,539 | 257,906 | 149,830 | 137,230 | 111,142 | 127,833 | 96,406 | 113,050 | 103,883 |
| Education | 427,260 | 539,896 | 546,508 | 605,623 | 503,657 | 526,982 | 607,743 | 675,144 | 601,777 | 646,736 |
| Operating grants and contributions | 9,428,116 | 8,966,367 | 10,719,048 | 7,911,926 | 6,731,104 | 6,542,596 | 8,208,821 | 7,746,843 | 7,436,627 | 6,795,674 |
| Capital grants and contributions | 1,307,490 | 5,744,491 | 10,284,845 | 1,676,993 | 427,362 | 200,392 | 403,710 | 647,508 | 425,334 | 1,560,955 |
| Total program revenues | <u>18,054,777</u> | <u>22,351,536</u> | <u>27,707,693</u> | <u>16,019,193</u> | <u>13,803,654</u> | <u>12,484,608</u> | <u>14,532,956</u> | <u>14,393,422</u> | <u>13,693,452</u> | <u>14,614,705</u> |
| Net expenses | <u>(61,434,010)</u> | <u>(62,250,648)</u> | <u>(48,479,843)</u> | <u>(56,892,197)</u> | <u>(56,167,344)</u> | <u>(55,168,303)</u> | <u>(51,856,467)</u> | <u>(48,440,023)</u> | <u>(46,227,815)</u> | <u>(44,198,971)</u> |
| General revenues: | | | | | | | | | | |
| Property taxes | 65,709,951 | 63,416,118 | 61,540,895 | 58,995,604 | 56,279,632 | 53,659,623 | 51,881,485 | 50,686,298 | 49,810,644 | 48,620,326 |
| Grants and contributions not restricted to specific programs | 300,052 | 337,430 | 322,486 | 461,343 | 357,458 | 294,518 | 417,790 | - | - | - |
| Income from investments | 543,545 | 765,680 | 481,983 | 155,775 | 138,095 | 194,228 | 196,867 | 171,959 | 167,948 | 196,671 |
| Other | 103,159 | 50,439 | 103,366 | 42,828 | 48,953 | 16,464 | 58,151 | 13,969 | 56,273 | (364,799) |
| Total general revenues | <u>66,656,707</u> | <u>64,569,667</u> | <u>62,448,730</u> | <u>59,655,550</u> | <u>56,824,138</u> | <u>54,164,833</u> | <u>52,554,293</u> | <u>50,872,226</u> | <u>50,034,865</u> | <u>48,452,198</u> |
| Change in net position | <u>\$ 5,222,697</u> | <u>\$ 2,319,019</u> | <u>\$ 13,968,887</u> | <u>\$ 2,763,353</u> | <u>\$ 656,794</u> | <u>\$(1,003,470)</u> | <u>\$ 697,826</u> | <u>\$ 2,432,203</u> | <u>\$ 3,807,050</u> | <u>\$ 4,253,227</u> |

Table 3

Town of Stonington, Connecticut

Changes in Fund Balances - General Fund (Budgetary Basis)
Last Ten Years
(Unaudited)

For the Year Ended June 30

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|---------------------|---------------------|--------------------|---------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| Revenues | | | | | | | | | | |
| Property taxes | \$ 65,588,819 | \$ 63,288,219 | \$ 61,609,175 | \$ 59,233,240 | \$ 56,448,889 | \$ 53,836,879 | \$ 51,736,929 | \$ 50,793,373 | \$ 49,741,364 | \$ 48,623,139 |
| Intergovernmental | 1,635,261 | 1,668,519 | 1,748,768 | 2,152,136 | 2,360,642 | 2,332,701 | 2,753,590 | 2,616,721 | 2,485,730 | 2,523,276 |
| Charges for services | 3,528,921 | 3,453,632 | 3,361,262 | 2,947,780 | 3,427,219 | 2,746,774 | 2,902,421 | 2,851,363 | 2,032,339 | 2,994,867 |
| Use of money and property | <u>337,567</u> | <u>465,373</u> | <u>233,808</u> | <u>141,033</u> | <u>127,388</u> | <u>189,134</u> | <u>195,066</u> | <u>167,220</u> | <u>163,222</u> | <u>173,653</u> |
| Total revenues | <u>71,090,568</u> | <u>68,875,743</u> | <u>66,953,013</u> | <u>64,474,189</u> | <u>62,364,138</u> | <u>59,105,488</u> | <u>57,588,006</u> | <u>56,428,677</u> | <u>54,422,655</u> | <u>54,314,935</u> |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 6,926,304 | 7,535,581 | 6,586,948 | 6,542,926 | 6,902,443 | 6,330,862 | 6,383,053 | 6,170,071 | 6,216,854 | 6,578,040 |
| Public works | 6,229,422 | 6,123,062 | 5,857,109 | 5,797,415 | 5,663,350 | 5,783,263 | 5,484,391 | 5,452,132 | 6,175,603 | 5,449,368 |
| Public safety | 5,953,364 | 5,693,514 | 5,345,573 | 5,043,119 | 4,920,117 | 4,617,634 | 4,375,109 | 4,406,245 | 4,265,814 | 4,238,034 |
| Human services | 404,303 | 435,920 | 422,784 | 401,274 | 376,811 | 346,337 | 341,953 | 362,341 | 392,428 | 386,294 |
| Social services | 347,892 | 320,180 | 311,925 | 294,958 | 271,266 | 255,329 | 231,229 | 210,131 | 207,965 | 189,294 |
| Recreation | 129,388 | 121,425 | 112,830 | 99,579 | 96,547 | 86,893 | 96,423 | 92,531 | 112,897 | 95,634 |
| Libraries | 346,500 | 330,500 | 330,500 | 329,500 | 319,500 | 304,810 | 284,810 | 284,810 | 269,810 | 269,810 |
| Payments to other civic divisions | 206,885 | 192,950 | 187,677 | 197,370 | 172,177 | 175,700 | 221,747 | 153,473 | 167,581 | 161,003 |
| Education | 37,004,394 | 37,846,903 | 37,020,623 | 35,991,573 | 35,283,536 | 34,237,211 | 33,709,980 | 32,953,922 | 31,758,513 | 31,370,757 |
| Debt service | <u>8,883,160</u> | <u>8,140,981</u> | <u>6,358,706</u> | <u>5,004,612</u> | <u>5,129,384</u> | <u>4,738,573</u> | <u>4,631,674</u> | <u>4,689,081</u> | <u>4,047,096</u> | <u>4,578,759</u> |
| Total expenditures | <u>66,431,612</u> | <u>66,741,016</u> | <u>62,534,675</u> | <u>59,702,326</u> | <u>59,135,131</u> | <u>56,876,612</u> | <u>55,760,369</u> | <u>54,774,737</u> | <u>53,614,561</u> | <u>53,316,993</u> |
| Excess (deficiency) of revenues over expenditures | <u>4,658,956</u> | <u>2,134,727</u> | <u>4,418,338</u> | <u>4,771,863</u> | <u>3,229,007</u> | <u>2,228,876</u> | <u>1,827,637</u> | <u>1,653,940</u> | <u>808,094.0</u> | <u>997,942</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Cancellation of prior year encumbrances | 257,377 | 93,845 | 12,066 | 55,235 | 17,919 | 65,020 | 36,884 | 40,439 | 13,621 | 37,496 |
| Sale of capital assets | 200 | 500 | - | - | - | - | - | - | - | - |
| Transfers in | - | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | - | 45,000 | - | 599,162 |
| Transfers out | <u>(5,551,116)</u> | <u>(3,142,819)</u> | <u>(3,791,032)</u> | <u>(3,562,792)</u> | <u>(2,149,561)</u> | <u>(1,665,122)</u> | <u>(2,453,712)</u> | <u>(1,263,733)</u> | <u>(1,361,315)</u> | <u>(1,142,963)</u> |
| Net other financing sources (uses) | <u>(5,293,539)</u> | <u>(3,003,474)</u> | <u>(3,733,966)</u> | <u>(3,462,557)</u> | <u>(2,086,642)</u> | <u>(1,555,102)</u> | <u>(2,416,828)</u> | <u>(1,178,294)</u> | <u>(1,347,694)</u> | <u>(506,305)</u> |
| Net change in fund balances | <u>\$ (634,583)</u> | <u>\$ (868,747)</u> | <u>\$ 684,372</u> | <u>\$ 1,309,306</u> | <u>\$ 1,142,365</u> | <u>\$ 673,774</u> | <u>\$ (589,191)</u> | <u>\$ 475,646</u> | <u>\$ (539,600)</u> | <u>\$ 491,637</u> |
| Debt service as a percentage of expenditures | <u>13.37%</u> | <u>12.20%</u> | <u>10.17%</u> | <u>8.38%</u> | <u>8.67%</u> | <u>8.33%</u> | <u>8.31%</u> | <u>8.56%</u> | <u>7.55%</u> | <u>8.59%</u> |

Table 4**Town of Stonington, Connecticut****Property Tax Rates, Levies and Collections
Last Ten Years
(Unaudited)**

| <u>Year Ended June 30</u> | <u>Grand List of October 1,</u> | <u>(1) Tax Rate in Mills</u> | <u>Total Adjusted Tax Levy</u> | <u>Net Tax Collections</u> | <u>Percent of Levy Collected</u> |
|-----------------------------------|---|--------------------------------------|--|--------------------------------|--|
| 2011 | 2009 | 15.43 | \$ 48,511,708 | \$ 47,832,323 | 98.60% |
| 2012 | 2010 | 15.63 | 49,487,774 | 48,750,829 | 98.51% |
| 2013 | 2011 | 15.89 | 50,579,257 | 50,005,838 | 98.87% |
| 2014 | 2012 | 19.88 | 51,505,144 | 50,986,927 | 98.99% |
| 2015 | 2013 | 20.43 | 53,310,452 | 52,721,144 | 98.89% |
| 2016 | 2014 | 21.32 | 56,039,548 | 55,329,813 | 98.73% |
| 2017 | 2015 | 22.31 | 58,791,362 | 58,263,288 | 99.10% |
| 2018 | 2016 | 22.98 | 61,137,740 | 60,734,560 | 99.34% |
| 2019 | 2017 | 22.68 | 63,007,353 | 62,690,691 | 99.50% |
| 2020 | 2018 | 23.36 | 65,491,378 | 65,043,188 | 99.32% |

Source: Tax Collector

(1) Tax levy is per \$1,000 of the assessed value of taxable property.

Table 5

Town of Stonington, Connecticut
Schedule of Debt Limitation
Connecticut General Statutes, Section 7-374 (b)
June 30, 2020
(Unaudited)

Base:

| | |
|--|-----------------------------|
| Total tax collections (including interest and lien fees) for prior year | \$ 63,423,998 |
| Total tax collections (including interest and lien fees) for prior year of the Borough and all other taxing districts within the Town | <u>4,782,992</u> |
| Base for debt limitation computation | <u><u>\$ 68,206,990</u></u> |

| Debt limitation: | General Purpose | Schools | Sewers | Urban Renewal | Pension Deficit |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| 2 1/4 times base | \$ 153,465,726 | \$ - | \$ - | \$ - | \$ - |
| 4 1/2 times base | - | 306,931,453 | - | - | - |
| 3 3/4 times base | - | - | 255,776,211 | - | - |
| 3 1/4 times base | - | - | - | 221,672,716 | - |
| 3 times base | - | - | - | - | 204,620,969 |
| Total debt limitation | <u>153,465,726</u> | <u>306,931,453</u> | <u>255,776,211</u> | <u>221,672,716</u> | <u>204,620,969</u> |
| Indebtedness: | | | | | |
| Bonds payable | 6,832,030 | 50,195,074 | 11,257,896 | - | - |
| Fire district debt | <u>2,322,524</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net indebtedness (1) | <u>9,154,554</u> | <u>50,195,074</u> | <u>11,257,896</u> | <u>-</u> | <u>-</u> |
| Debt limitation in excess of outstanding debt | <u><u>\$ 144,311,172</u></u> | <u><u>\$ 256,736,379</u></u> | <u><u>\$ 244,518,315</u></u> | <u><u>\$ 221,672,716</u></u> | <u><u>\$ 204,620,969</u></u> |

Notes:

| | |
|---|------------------------------|
| (1) The total of the above net indebtedness amounts to: | <u><u>\$ 70,607,524</u></u> |
| In no event shall total indebtedness exceed seven times the base for debt limitation computation: | <u><u>\$ 477,448,927</u></u> |