
ANNUAL FINANCIAL REPORT

OF THE

TOWN OF STONINGTON, CONNECTICUT

FOR THE YEAR ENDED
JUNE 30, 2011

TOWN OF STONINGTON, CONNECTICUT

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

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Introductory Section

TOWN OF STONINGTON, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2011

BOARD OF SELECTMEN

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

BOARD OF FINANCE

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

TOWN DEPARTMENTS

Martha Brown Booker, Treasurer
Maryanna Stevens, Director of Finance
Judith Samoker, School Finance Manager
Marsha Standish, Assessor
Gisela Harna, Tax Collector
Leanne Masterjoseph, Superintendent of Schools
Joseph J. Bragaw, Public Works Director
Harold W. Storrs, Director - W.P.C.A.
Cynthia Costa Ladwig, Town Clerk
J. Darren Stewart, Chief of Police
William Haase, Director of Planning
Wayne Green, Building Official
Lawrence Sullivan, Town Engineer
Beth-Ann Stewart, Human Services Director
Vincent Pacileo III, Director of Administrative Services
John Phetteplace – Solid Waste Manager

AUDITORS

JH Cohn LLP

Financial Section

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Finance
Town of Stonington, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2011, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedules of Funding Progress and Employer Contributions - Stonington Retirement System and Other Post-Employment Benefits Plans on Pages 4 through 12 and Pages 58 and 59, 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.

Board of Finance
Town of Stonington, Connecticut
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stonington, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations and the State Single Audit Act and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stonington, Connecticut's basic financial statements. The introductory section and trend information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

J.H. Bhn, LLP

New London, Connecticut
December 29, 2011



TOWN OF STONINGTON

152 Elm Street Stonington, Connecticut 06378

Management's Discussion and Analysis June 30, 2011

As management of the Town of Stonington, Connecticut, we offer readers of the Town of Stonington's financial statements this narrative overview and analysis of the financial activities of the Town of Stonington for the fiscal year ended June 30, 2011. 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 \$108,017,810 (net assets).
- ♦ The Town's total net assets increased by \$4,253,227. Factors leading to this increase include favorable operations in the Town's internal service fund, a decrease in the compensated absences liability and an increase to the net pension asset.
- ♦ As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,011,835, a decrease of \$37,811 in comparison with the prior year.
- ♦ At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,559,991, or 21% of total general fund budgetary expenditures and transfers.
- ♦ The Town of Stonington's total long-term debt decreased by \$3,310,984 during the current fiscal year. The key factor for this decrease was the principal payments on current debt, and no issuance of new bonds.

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 the basic financial statements. The statement of fiduciary net assets is used to present financial information about activities for which the Town acts solely as an agent for the benefit of employees and others.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise

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

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

Fund financial statements

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

Governmental funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Bonded Capital Projects, Sewer Usage Fund, and Planning and Developing Grant Fund, which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on Schedules 4 and 5.

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

Proprietary funds

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

Fiduciary funds

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

Notes to the basic financial statements

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

Other information

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

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

Government-Wide Financial Analysis

TOWN OF STONINGTON, CONNECTICUT STATEMENT OF NET ASSETS

	2011	2010
Current and other assets	\$ 25,969,022	\$ 24,802,999
Capital assets (net)	120,013,702	121,533,515
Total assets	145,982,724	146,336,514
Current liabilities	7,628,469	7,580,332
Long-term liabilities	30,336,445	34,294,320
Total liabilities	37,964,914	41,874,652
Net assets:		
Invested in capital assets, net of related debt	88,872,739	86,773,619
Restricted	350,232	161,583
Unrestricted	18,794,839	17,526,660
Total net assets	\$ 108,017,810	\$ 104,461,862

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$108,017,810 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets (82.3%) reflects its investment in capital assets (e.g., land, construction in progress, land and building improvements, buildings, machinery, equipment, infrastructure, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the Town's net assets, 0.3%, represents resources that are subject to external restrictions on how they may be used.

The remaining balance, or 17.4%, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

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

Governmental activities

TOWN OF STONINGTON, CONNECTICUT STATEMENTS OF CHANGES IN NET ASSETS

	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 6,258,076	\$ 5,922,887
Operating grants and contributions	6,795,674	7,386,033
Capital grants and contributions	1,560,955	1,937,799
General revenues:		
Property taxes	48,620,326	47,505,735
Investment income	196,671	222,137
Miscellaneous	18,555	441,549
Total revenues	63,450,257	63,416,140
Expenses and transfers:		
General government	5,760,338	8,017,134
Public safety	5,315,579	4,169,223
Highway department	3,643,021	3,083,424
Sanitation and waste removal	5,773,771	5,178,102
Health and welfare	803,803	343,692
Library	269,810	189,979
Recreation	225,268	183,653
Education	36,114,479	36,917,999
Interest on long-term debt	907,607	1,439,712
Transfers	383,354	
Total expenses and transfers	59,197,030	59,522,918
Increase in net assets	4,253,227	3,893,222
Net assets - July 1 (as restated)	103,764,583	100,568,640
Net assets - June 30	\$ 108,017,810	\$ 104,461,862

For governmental activities, approximately 76.6% of revenues were derived from property taxes, followed by grants and contributions 13.2%, charges for services 9.9%, and investment earnings 0.3%.

Major revenue factors included:

- ♦ Property tax revenues recorded during the fiscal year reflect an increase of 2.3% due mainly to the increase in the mill rate of 2.2% from 15.10 in 2009-10 to 15.43 in 2010-11.
- ♦ The decrease in operating grants and contributions is attributable to FEMA funding received in 2009-10, the completion in 2009-10 of several grant funded projects including the Town Dock Ice Machine and South Pier Rehab, as well as decrease in State grants.
- ♦ Capital grants decreased due to the completion of streetscape projects in Mystic.

For governmental activities, approximately 61.0% of the Town's expenditures relates to education, followed by 9.8% to sanitation and waste removal, 9.7 % to general government, 9.0% to public safety, 6.2% to highway department, 1.5% to interest on long-term debt, 1.4% to health and welfare, 0.6% to transfers, 0.4% to library, and 0.4% to recreation.

- ♦ General government expenditures decreased by \$2.3 million based mainly on the current year allocation of employee benefits. The following benefits were reallocated to the corresponding functions: \$1.1 million to highway department, \$820,217 to public safety, and \$221,083 to health and welfare.
- ♦ Public safety expenditures increased by \$1.1 million mainly based on the current year allocation of benefits.
- ♦ Education expenditures in the general fund decreased by 2.2% from \$36.9 million to \$36.2 million due to decreases in funding from federal and state grants.

Financial Analysis of the Town's Funds

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

Governmental funds

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This standard will not change how fund balance is calculated, but establishes 5 categories of fund balance. This statement also clarifies the definitions of general fund, special revenue fund type, capital projects fund type, debt service fund type and permanent fund type. The Town's June 30, 2011, financial statements incorporate the new fund balance categories. Following are the categories and definitions:

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

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

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

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

Unassigned fund balance - amounts available for any purpose.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,011,835, a decrease of \$37,811 in comparison with the prior year. \$10,429,020, or 65.1%, of this total amount constitutes unassigned fund balance.

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

1. Restricted due to grant restrictions or legal requirements (\$350,232).
2. Committed for Capital Projects, Sewer Assessments, Sewer Usage (\$2,804,913).
3. Assigned for subsequent year's budget, encumbrances, or specific purposes (\$2,427,670).

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 \$11,559,991, while total fund balance reached \$12,724,345. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21.1% of total general fund budgetary expenditures and transfers, while total fund balance represents 23.4% of that same amount.

During the current fiscal year, the fund balance of the Town's general fund increased by \$584,286. Key factors in this growth are as follows:

- ♦ Charges for services were approximately \$500,000 more than budgeted.
- ♦ Actual general fund expenditures were less than budgeted.

The Bonded Capital Projects Fund had a slight decrease of \$7,572 in its fund balance.

The Sewer Usage Fund had a slight increase of \$32,842 in its fund balance.

The Planning and Developing Grant Fund's deficit decreased by \$501,498 as the Town received grant reimbursements for grant expenditures that were on a reimbursement basis.

Proprietary fund

The Internal Service Fund is the Town's only proprietary fund. Unrestricted net assets in the fund at year end were \$3,138,932, an increase of \$710,445 from the prior year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$394,280. The difference between the original budget and the final budget is due to additional appropriations approved by the Board of Finance and Town Meeting, as follows:

- ♦ Payment resulting from CT sales tax audit - \$262,113
- ♦ Gas generator for Pawcatuck Middle School - \$50,000
- ♦ Animal control vehicle - \$20,000
- ♦ Natural gas hookup, fire alarm suppression and monitoring - \$19,917
- ♦ Highway department dump truck - \$19,830
- ♦ IT backup project - \$15,110
- ♦ Lead paint compliance - \$4,310
- ♦ Probate court - \$3,000

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$120,013,702 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land and building improvements, buildings, machinery and equipment, infrastructure, and vehicles.

TOWN OF STONINGTON, CONNECTICUT CAPITAL ASSETS (Net of Depreciation)

	2011	2010
Land	\$ 11,028,391	\$ 11,028,391
Construction in progress	3,874,193	3,387,315
Land and building improvements	8,292,073	8,032,958
Buildings	40,063,767	41,343,389
Machinery and equipment	1,854,917	2,070,974
Infrastructure	54,336,453	54,974,431
Vehicles	563,908	696,057
Total	<u>\$ 120,013,702</u>	<u>\$ 121,533,515</u>

The capital assets (net of depreciation) decreased in the current year by \$1,519,813. The decrease is related to the current year depreciation exceeding current year additions. In the current year, the Town had capital asset additions totaling \$2,419,579. The additions consisted mainly of the following items:

- ♦ The Mystic Streetscape Phase I - \$714,840
- ♦ The Animal Control Facility - \$140,294
- ♦ The South Pier Dock being placed in service from CIP - \$513,018
- ♦ Multiple vehicle purchases - \$162,428
- ♦ Multiple road paving and sidewalk projects - \$556,715

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

Long-term and short-term debt

At the end of the fiscal year, the Town had bonded debt and clean water loans outstanding of \$31,140,963. All debt is backed by the full faith and credit of the Town.

TOWN OF STONINGTON, CONNECTICUT OUTSTANDING DEBT

	2011	2010
General obligation bonds and loans	<u>\$ 31,140,963</u>	<u>\$ 34,451,947</u>

During the current fiscal year, the Town's total long-term debt decreased by \$3,310,984. The key factor for this decrease was the principal payments on current debt and no issuance of new bonds.

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

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$366,607,380, which is significantly in excess of the Town's outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- ♦ As of November 2011, the unemployment rate for the Town was at 5.8%, which compares favorably to the state's average unemployment rate of 7.9% and a national unemployment rate of 8.6%.
- ♦ Interest rates continue to drop; therefore, in preparing the 2011-12 budget, an interest rate of .25% was used to project interest income.

Requests for Information

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

Basic Financial Statements

TOWN OF STONINGTON, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2011

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 11,580,042
Investments.....	10,206,869
Receivables:	
Property taxes.....	660,632
Loans.....	224,200
Assessments/user charges.....	839,981
Intergovernmental.....	958,261
Other.....	338,801
Other.....	39,167
Total current assets.....	24,847,953
Noncurrent assets:	
Receivables (net):	
Property taxes.....	352,904
Assessments/user charges.....	227,259
Total receivables (net).....	580,163
Other noncurrent assets:	
Net pension asset.....	540,906
Capital assets (net of accumulated depreciation):	
Land.....	11,028,391
Construction in progress.....	3,874,193
Land and building improvements.....	8,292,073
Buildings.....	40,063,767
Machinery and equipment.....	1,854,917
Infrastructure.....	54,336,453
Vehicles.....	563,908
Total capital assets.....	120,013,702
Total noncurrent assets.....	121,134,771
TOTAL ASSETS.....	145,982,724

(Continued)

TOWN OF STONINGTON, CONNECTICUTSTATEMENT OF NET ASSETS
JUNE 30, 2011

	GOVERNMENTAL ACTIVITIES
<u>LIABILITIES</u>	
LIABILITIES:	
Current liabilities:	
Accounts payable.....	\$ 3,115,130
Accrued payroll and related liabilities.....	215,173
Accrued interest payable.....	269,364
Unearned revenue.....	268,734
Internal balances.....	44,350
Bonds and notes payable.....	3,256,499
Compensated absences.....	430,719
Landfill postclosure costs.....	28,500
Total current liabilities.....	7,628,469
Noncurrent liabilities:	
Bonds, notes, and related liabilities.....	27,884,464
Compensated absences.....	1,722,878
Landfill postclosure costs.....	370,500
Heart and hypertension.....	152,960
Net OPEB obligation.....	205,643
Total noncurrent liabilities.....	30,336,445
TOTAL LIABILITIES.....	37,964,914
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt.....	88,872,739
Restricted for:	
Public safety.....	6,248
Highway department.....	103,222
Sanitation and waste removal.....	88,972
Human services.....	4,525
Education.....	147,265
Unrestricted.....	18,794,839
TOTAL NET ASSETS.....	\$ 108,017,810

(Concluded)

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

EXHIBIT B**TOWN OF STONINGTON, CONNECTICUT****STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
General government.....	\$ 5,760,338	\$ 741,220	\$ 613,825	\$	\$ (4,405,293)
Public safety.....	5,315,579	98,889	79,878		(5,136,812)
Highway department.....	3,643,021	204,970	268,846	1,560,955	(1,608,250)
Sanitation and waste removal.....	5,773,771	4,384,108			(1,389,663)
Health and welfare.....	803,803	78,270	52,718		(672,815)
Library.....	269,810		3,000		(266,810)
Recreation.....	225,268	103,883			(121,385)
Education.....	36,114,479	646,736	5,777,407		(29,690,336)
Interest expense.....	907,607				(907,607)
TOTAL GOVERNMENTAL ACTIVITIES.....	\$ 58,813,676	\$ 6,258,076	\$ 6,795,674	\$ 1,560,955	\$ (44,198,971)
GENERAL REVENUES AND TRANSFERS:					
Property taxes.....				\$	48,620,326
Investment income.....					196,671
Miscellaneous.....					18,555
TRANSFERS.....					(383,354)
TOTAL GENERAL REVENUES AND TRANSFERS.....					48,452,198
CHANGE IN NET ASSETS.....					4,253,227
NET ASSETS - JULY 1, 2010 (AS RESTATED).....					103,764,583
NET ASSETS - JUNE 30, 2011.....				\$	108,017,810

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

TOWN OF STONINGTON, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	GENERAL	BONDED CAPITAL PROJECTS	SEWER USAGE FUND	PLANNING AND DEVELOPING GRANT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash.....	\$ 8,964,662	\$	\$ 534,035	\$	\$ 2,081,345	\$ 11,580,042
Investments.....	4,587,097		577,563		1,680,865	6,845,525
Receivables, net:						
Property taxes.....	893,686					893,686
Loans.....					224,200	224,200
Assessments/use charges.....			1,038,381		28,859	1,067,240
Intergovernmental.....	195,912	550,000		166,544	45,805	958,261
Other.....	334,998		3,803			338,801
Due from other funds.....	1,830,671				315,950	2,146,621
Other assets.....	39,167					39,167
TOTAL ASSETS.....	\$ 16,846,193	\$ 550,000	\$ 2,153,782	\$ 166,544	\$ 4,377,024	\$ 24,093,543
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ 2,308,806	\$	\$ 180,391	\$ 7,396	\$ 185,023	\$ 2,681,616
Accrued payroll and related liabilities.....	215,173					215,173
Due to other funds.....	570,170	841,815	309,195	448,304	232,589	2,402,073
Deferred revenue.....	869,327	550,000	841,726		253,059	2,514,112
Unearned revenue.....	158,372				110,362	268,734
Total Liabilities.....	4,121,848	1,391,815	1,331,312	455,700	781,033	8,081,708
Fund Balances:						
Restricted.....					350,232	350,232
Committed.....					2,804,913	2,804,913
Assigned.....	1,164,354		822,470		440,846	2,427,670
Unassigned.....	11,559,991	(841,815)		(289,156)		10,429,020
Total Fund Balances.....	12,724,345	(841,815)	822,470	(289,156)	3,595,991	16,011,835
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 16,846,193	\$ 550,000	\$ 2,153,782	\$ 166,544	\$ 4,377,024	\$ 24,093,543

(Continued)

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

TOWN OF STONINGTON, CONNECTICUT

RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1).....	\$ 16,011,835
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning capital assets and current additions.....	123,437,910
Depreciation expense.....	(3,405,976)
Disposal of capital assets.....	(18,232)

OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS:

Property tax interest and lien accrual.....	171,850
Property tax and sewer assessment receivable-accrual basis change.....	2,514,112
Allowance for doubtful accounts.....	(52,000)
Net pension assets.....	540,906

INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF MEDICAL INSURANCE TO INDIVIDUAL DEPARTMENTS:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....	3,138,932
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SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Bonds and notes payable.....	(31,140,963)
Compensated absences.....	(2,153,597)
Landfill closure.....	(399,000)
Heart and hypertension.....	(152,960)
Net OPEB obligations.....	(205,643)
Accrued interest payable.....	(269,364)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$ 108,017,810
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(Concluded)

TOWN OF STONINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL	BONDED CAPITAL PROJECTS	SEWER USAGE FUND	PLANNING AND DEVELOPING GRANT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes.....	\$ 48,623,139	\$	\$	\$	\$	\$ 48,623,139
Intergovernmental.....	4,841,276			1,560,955	1,702,709	8,104,940
Charges for services.....	2,994,867		2,057,953		994,698	6,047,518
Revenues from use of town money and property.....	173,653		483		9,258	183,394
Other.....					18,555	18,555
TOTAL REVENUES.....	56,632,935	-	2,058,436	1,560,955	2,725,220	62,977,546
EXPENDITURES:						
Current:						
General government.....	7,447,804				138,971	7,586,775
Public safety.....	4,240,016				110,940	4,350,956
Highway department.....	2,122,356				265,054	2,387,410
Sanitation and waste removal.....	2,522,793		2,355,594			4,878,387
Human services.....	386,294					386,294
Social services.....	189,294					189,294
Recreation.....	95,634				129,634	225,268
Libraries.....	269,810					269,810
Payments to other civic divisions.....	161,003					161,003
Education.....	33,491,085				1,985,660	35,476,745
Debt service.....	4,578,759					4,578,759
Capital outlay.....		7,572		1,059,457	1,074,273	2,141,302
TOTAL EXPENDITURES.....	55,504,848	7,572	2,355,594	1,059,457	3,704,532	62,632,003
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,128,087	(7,572)	(297,158)	501,498	(979,312)	345,543
OTHER FINANCING SOURCES (USES):						
Transfers in.....	599,162		330,000		818,426	1,747,588
Transfers out.....	(1,142,963)				(987,979)	(2,130,942)
NET OTHER FINANCING SOURCES (USES).....	(543,801)	-	330,000	-	(169,553)	(383,354)
NET CHANGE IN FUND BALANCES	584,286	(7,572)	32,842	501,498	(1,148,865)	(37,811)
FUND BALANCES - JULY 1, 2010 (AS RESTATED).....	12,140,059	(834,243)	789,628	(790,654)	4,744,856	16,049,646
FUND BALANCES - JUNE 30, 2011.....	\$ 12,724,345	\$ (841,815)	\$ 822,470	\$ (289,156)	\$ 3,595,991	\$ 16,011,835

The notes to the 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, 2011

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
(EXHIBIT B) ARE DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ (37,811)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay.....	1,904,395
Depreciation expense.....	<u>(3,405,976)</u>
Total.....	<u>(1,501,581)</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the Statement of Activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold..... (18,232)

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 grants receivable - accrual basis change.....	472,689
Change in property tax and sewer assessment interest and lien revenue.....	38,745
Change in property tax allowance for doubtful accounts.....	<u>(52,000)</u>
Total	<u>459,434</u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Principal repayments:	
General obligation bonds and notes.....	<u>3,310,984</u>

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

Compensated absences.....	632,239
Accrued interest payable.....	52,219
Net pension asset.....	304,287
Net OPEB obligation.....	(29,998)
Net amortization of premium and deferred charge on refunding	307,949
Heart and hypertension.....	(4,208)
Landfill closure and postclosure.....	<u>67,500</u>
Total	<u>1,329,988</u>

Internal Service Funds are used by management to charge costs of medical insurance premiums to individual departments.....	<u>697,168</u>
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The net revenues of the activities of the Internal Service Fund is reported with governmental activities.....	<u>13,277</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ 4,253,227</u>
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TOWN OF STONINGTON, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 48,473,378	\$ 48,473,378	\$ 48,623,139	\$ 149,761
Intergovernmental.....	2,446,960	2,446,960	2,523,276	76,316
Charges for services.....	2,492,150	2,492,150	2,994,867	502,717
Revenues from use of town money and property.....	135,501	135,501	173,653	38,152
TOTAL REVENUES.....	53,547,989	53,547,989	54,314,935	766,946
EXPENDITURES:				
Current:				
General government.....	7,425,864	7,730,314	7,423,957	306,357
Public safety.....	4,349,197	4,349,197	4,238,034	111,163
Highway department.....	2,093,965	2,113,795	2,111,658	2,137
Sanitation and waste removal.....	2,719,921	2,719,921	2,522,793	197,128
Human services.....	400,091	400,091	386,294	13,797
Social services.....	191,429	191,429	189,294	2,135
Recreation.....	95,634	95,634	95,634	-
Libraries.....	269,810	269,810	269,810	-
Payments to other civic divisions.....	161,003	161,003	161,003	-
Education.....	31,395,910	31,395,910	31,370,757	25,153
Debt service.....	4,584,759	4,584,759	4,578,759	6,000
TOTAL EXPENDITURES.....	53,687,583	54,011,863	53,347,993	663,870
EXCESS OF REVENUES OVER EXPENDITURES.....	(139,594)	(463,874)	966,942	1,430,816
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	612,557	1,006,837		(1,006,837)
Cancellation of prior year encumbrances.....			37,496	37,496
Transfers in.....	600,000	600,000	599,162	(838)
Transfers out.....	(1,072,963)	(1,142,963)	(1,142,963)	-
NET OTHER FINANCING SOURCES (USES).....	139,594	463,874	(506,305)	(970,179)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES.....	\$ -	\$ -	460,637	\$ 460,637
FUND BALANCE - JULY 1, 2010.....			11,929,654	
FUND BALANCE - JUNE 30, 2011.....			\$ 12,390,291	

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

EXHIBIT G

TOWN OF STONINGTON, CONNECTICUT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

		GOVERNMENTAL ACTIVITIES
		INTERNAL SERVICE FUND
<hr/>		
<u>ASSETS</u>		
Current assets:		
Investments.....	\$	3,361,344
Due from other funds.....		<u>211,102</u>
Total current assets.....		<u>3,572,446</u>
 <u>LIABILITY</u>		
Current liability:		
Accounts payable.....		<u>433,514</u>
 <u>NET ASSETS</u>		
Unrestricted.....	\$	<u><u>3,138,932</u></u>

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

EXHIBIT H**TOWN OF STONINGTON, CONNECTICUT**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>
	<u>INTERNAL SERVICE FUND</u>
OPERATING REVENUES:	
Charges for services.....	<u>\$ 7,000,530</u>
OPERATING EXPENSES:	
Medical claims.....	5,401,912
Administration and other.....	<u>901,450</u>
TOTAL OPERATING EXPENSES.....	<u>6,303,362</u>
OPERATING INCOME (LOSS).....	697,168
NONOPERATING REVENUES:	
Investment income.....	<u>13,277</u>
CHANGE IN NET ASSETS.....	710,445
TOTAL NET ASSETS - JULY 1, 2010 (AS RESTATED).....	<u>2,428,487</u>
TOTAL NET ASSETS - JUNE 30, 2011.....	<u>\$ 3,138,932</u>

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

TOWN OF STONINGTON, CONNECTICUTSTATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	GOVERNMENTAL ACTIVITIES	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for charges.....	\$ 7,716,964	
Cash paid for claims and other.....	(5,439,093)	
Cash paid for administration.....	(901,450)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	1,376,421	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income.....	13,277	
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,389,698	
CASH AND CASH EQUIVALENTS - JULY 1, 2010 (AS RESTATED).....	1,971,646	
CASH AND CASH EQUIVALENTS - JUNE 30, 2011.....	\$ 3,361,344	
RECONCILIATION TO EXHIBIT G - CASH:		
CASH AND CASH EQUIVALENTS PER ABOVE.....	\$ 3,361,344	
CASH AND CASH EQUIVALENTS REPORTED AS INVESTMENTS.....	(3,361,344)	
CASH - EXHIBIT G.....	\$ -	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss).....	\$ 697,168	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) Decrease in:		
Due from other funds.....	716,434	
Increase (Decrease) in:		
Accounts payable.....	(37,181)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 1,376,421	

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

TOWN OF STONINGTON, CONNECTICUTSTATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	PENSION TRUST FUND	RETIREE TRUST FUND	OPEB TRUST FUND	PRIVATE PURPOSE TRUST FUND	AGENCY FUNDS
<u>ASSETS</u>					
Cash.....	\$	\$ 11,979	\$ 473,354	\$ 18,391	\$ 348,951
Investments:					
Certificate of deposits.....				139,091	
Pooled fixed income.....					79,446
Equities.....	10,494,284	215,612			
Corporate and foreign bonds.....	1,738,820	215,213			
U.S. government securities.....	842,930	24,838			
U.S. government agency securities.....	2,016,652				
Equity mutual funds.....	2,707,280	119,711			
Money market mutual funds.....	1,248,594	29,759			
Fixed income mutual funds.....	830,696	25,966			
Municipal bonds.....	153,922	53,286			
Asset backed securities.....	1,141,201				
Total investments.....	21,174,379	684,385	-	139,091	79,446
Receivable:					
Employer contribution.....	374,658	4,251			
Due from other funds.....		10,000			34,350
TOTAL ASSETS.....	21,549,037	710,615	473,354	157,482	462,747
<u>LIABILITY</u>					
LIABILITY:					
Accounts payable.....					462,747
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES.....	\$ 21,549,037	\$ 710,615	\$ 473,354	\$ 157,482	\$

TOWN OF STONINGTON, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	PENSION TRUST FUND	RETIREE TRUST FUND	OPEB TRUST FUND	PRIVATE PURPOSE TRUST FUND
ADDITIONS:				
Contributions:				
Employer.....	\$ 1,422,510	\$ 61,018	\$ 90,000	\$ -
Employee.....	220,732	46,018		
Total contributions.....	1,643,242	107,036	90,000	-
Investment income (loss):				
Net appreciation in fair value of investments.....	2,822,803	51,006		
Interest and dividends.....	537,529	29,999		3,003
Total investment income (loss).....	3,360,332	81,005	-	3,003
Less investment expense.....	94,240	7,306		
Net investment income (loss).....	3,266,092	73,699	-	3,003
TOTAL ADDITIONS.....	4,909,334	180,735	90,000	3,003
DEDUCTIONS:				
Benefits.....	1,041,033	2,137		
Administration.....	13,146	3,679		
Other.....				7,104
TOTAL DEDUCTIONS.....	1,054,179	5,816	-	7,104
EXCESS OF ADDITIONS OVER DEDUCTIONS.....	3,855,155	174,919	90,000	(4,101)
OTHER FINANCING SOURCES (USES) :				
Transfers in.....			383,354	-
CHANGE IN NET ASSETS.....	3,855,155	174,919	473,354	(4,101)
NET ASSETS - JULY 1, 2010 (AS RESTATED).....	17,693,882	535,696		161,583
NET ASSETS - JUNE 30, 2011.....	\$ 21,549,037	\$ 710,615	\$ 473,354	\$ 157,482

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

TOWN OF STONINGTON, CONNECTICUTNOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

HISTORY AND ORGANIZATION

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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 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 BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Agency funds do not have a measurement focus but are accounted for using the modified accrual basis of accounting. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

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

The *Sewer Usage Fund* accounts for the financial revenues from sewer usage. The types of revenues recorded in this fund are charges for services and other fees.

The *Planning and Developing Grant Fund* accounts for the financial revenues from planning and development grant monies for capital projects in the Town.

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow subsequent private-sector guidance.

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. The Sewer Assessment Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

1. Deposits and Investments (Continued)

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

Investments for the Town are reported at fair value.

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 1% to 21% of outstanding receivable balances at June 30, 2011, and are calculated based upon prior collections.

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

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

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

3. Restricted Assets

The restricted assets are for endowment purposes. The trust agreements restrict the expenditure of investment income only for designated purposes.

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets

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

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

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

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

5. 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.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

6. Long-Term Obligations (Continued)

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.

7. Fund Equity and Net Assets

In the **government-wide financial statements**, net assets are classified into the following categories:

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

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

Unrestricted Net Assets

This category presents the net assets of the Town which are not restricted.

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.

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Fund Equity and Net Assets (Continued)

Committed

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

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the governing body (Board of Finance) or by an official (Finance Director).

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 Town Meeting or the Board of Finance has provided otherwise in its commitment or assignment actions.

8. Estimates

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

9. 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 BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

- No later than January 1, each Department, Office, Board or Commission of the Town, supported wholly or in part by Town funds, or for which a specific Town appropriation is made, except the Board of Education, shall prepare and submit to the First Selectman a detailed estimate of the expenditures to be made and the anticipated revenue other than tax revenue to be received during the ensuing fiscal year. The Board of Education shall submit its budget request by March 1 to the Board of Finance. The First Selectman, after consultation with the Director of Finance, shall prescribe the format for budget presentation which shall include, at a minimum, comparative statistics for the current and preceding fiscal year operations.
- No later than the fifteenth day of March, the First Selectman shall present to the Board of Finance an itemized annual operating budget, including the Board of Education budget.
- The Board of Finance shall hold one (1) or more public hearings no later than the first Monday of May at which time any elector or taxpayer may have an opportunity to be heard regarding appropriations for the ensuing fiscal year. Following receipt of the estimates from the First Selectman, the Board of Finance shall cause said estimates to be made available for review in the office of the Town Clerk. At least five (5) days before the aforementioned public hearing, the Board of Finance shall cause to be published in a newspaper having a substantial circulation in the Town, a notice of such public hearing and a summary of said proposed budget estimates which show the amount to be raised by taxation.

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

- There shall be a Town Meeting for the consideration of the budget to be held no later than the third Monday in May and at such place and time as the Board of Selectmen may determine. Said Meeting may be recessed as necessary. The budget adoption procedure shall be the following:
 - If the budget has not been submitted or petitioned to a Referendum, the budget as presented may be adopted by a majority vote of those present and voting thereon.
 - If the budget is rejected, it shall be returned to the Board of Finance who shall reconsider the budget and resubmit a budget to the recessed Town Meeting to be held no more than three (3) weeks after said rejection with at least (5) days published notice thereof.
 - The same steps and procedures, including published notices of meetings, shall be followed as outlined above until a budget has been adopted.
 - Any resubmitted budget may be submitted or petitioned to a Referendum.
 - In the event a budget has not been approved by June 15, the Board of Selectmen shall be empowered to set a mill rate in order to facilitate the preparation and mailing of tax bills at a level that in its best judgment will meet the needs of the Town for the ensuing year. In the event a budget has been adopted prior to June 15, the Board of Finance shall meet and set the mill rate at a level sufficient to meet the needs of the Town for the ensuing year.
- The Board of Finance, in accordance with the provisions of the Charter and the Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another. Management may not authorize any additional appropriations. All additional appropriations up to \$20,000 require Board of Finance approval. Those in excess of \$20,000 require full legislative approval (Town Meeting). The Board of Selectmen and the Board of Finance may approve additional appropriations cumulating no more than 0.5% of the current year operating budget. There were additional appropriations of \$394,280 made during the year.
- Formal budgetary integration is employed as a management control device during the year.

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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

B. Budget- GAAP Reconciliation

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

	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>FUND BALANCE</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2011	\$ 54,314,935	\$ 53,347,993	\$12,390,291
Encumbrances outstanding at June 30, 2010 liquidated during the year ended June 30, 2011		172,909	
Encumbrances outstanding at June 30, 2011, charged to budgetary expenditures.....		(334,054)	334,054
State Teachers' Retirement on-behalf payment	2,318,000	2,318,000	
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2011	<u>\$ 56,632,935</u>	<u>\$ 55,504,848</u>	<u>\$12,724,345</u>

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES

A. Cash and Investments

1. Deposits - Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$11,036,062 of the Town's bank balance of \$14,748,713 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized.....	\$ 9,807,456
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>1,228,606</u>
Total amount subject to custodial credit risk.....	<u>\$ 11,036,062</u>

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act permanently increased the insurance coverage offered by the Federal Deposit Insurance Corporation (FDIC) to \$250,000 per depositor. Additionally, amounts held in non-interest bearing transaction accounts are fully guaranteed by the FDIC from December 31, 2010 through December 31, 2012. The Town had amounts in excess of \$250,000 in a single bank during the year. Amounts over \$250,000 are not insured by the FDIC. These balances fluctuate during the year and can exceed this \$250,000 limit. Management regularly monitors the financial institution, together with its cash balances, and tries to keep this potential risk to a minimum.

2. Investments - At June 30, 2011, the Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

TYPE OF INVESTMENT	FAIR VALUE	N/A	INVESTMENT MATURITIES IN YEARS			
			LESS THAN ONE YEAR	1-5 YEARS	5-10 YEARS	OVER 10 YEARS
Fixed income mutual funds.....	\$ 856,662	\$	\$ 856,662	\$	\$	\$
Equity mutual funds.....	2,826,991	2,826,991				
Money market mutual funds.....	1,278,353		1,278,353			
Money markets/CDs	2,223,260		139,091	2,084,169		
Pooled fixed income	8,202,146		8,202,146			
U.S. Government securities	867,768			342,446	90,952	434,370
U.S. Government agency securities.....	2,016,652			9,638	116,098	1,890,916
Equities.....	10,709,896	10,709,896				
Foreign bonds	325,158			96,434	184,736	43,988
Corporate bonds.....	1,628,875		56,978	726,318	628,545	217,034
Municipal bonds	207,208			15,271	44,997	146,940
Asset backed securities	1,141,201	62,398		318,767		760,036
	<u>\$32,284,170</u>	<u>\$13,599,285</u>	<u>\$ 10,533,230</u>	<u>\$ 3,593,043</u>	<u>\$1,065,328</u>	<u>\$3,493,284</u>

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Of the \$8,202,146 of pooled fixed income, \$1,115 was invested in Short Term Investment Fund (STIF). STIF is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by the Connecticut General Statutes 3-27c – 37-27e. 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 balance of the pooled fixed income investments were invested in a 2a-7 like pool. The fair value of the position in the pool is the same as the value of the pool shares.

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

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

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

Average Ratings	Pooled Fixed Income	Corporate Bonds	Municipal Bonds	US Gov't Securities	US Gov't Agency Securities	Money Market Mutual Funds	Fixed Income Mutual Funds	Foreign Bonds	Asset Backed Securities
AAA	\$8,202,146	\$ 28,991	\$ 52,659	\$ 739,790	\$ 2,016,652	\$	\$	\$	\$ 491,241
AA		126,436	71,867						96,792
A		673,672	56,266	127,978				130,258	234,977
BBB		751,449						194,900	44,997
BB		21,190							7,026
Unrated		27,137	26,416			1,278,353	856,662		266,168
Total	\$8,202,146	\$ 1,628,875	\$ 207,208	\$ 867,768	\$ 2,016,652	\$ 1,278,353	\$ 856,662	\$ 325,158	\$1,141,201

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

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

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

	TOTAL	LESS INSURED AMOUNTS	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
U.S. Government securities	\$ 867,768	\$	\$ 867,768
U.S. Government agency securities	2,016,652		2,016,652
Equities	10,709,896	800,000	9,909,896
Foreign bonds	325,158		325,158
Asset backed securities	1,141,201		1,141,201
Municipal bonds	207,208		207,208
Corporate bonds	1,628,875	200,000	1,428,875
	<u>\$16,896,758</u>	<u>\$ 1,000,000</u>	<u>\$ 15,896,758</u>

Subsequent to year end, the financial markets have experienced significant levels of volatility that caused a decline in the value of the investments held at year end. While such declines may be temporary, investment values are subject to market fluctuations, and the timing of any such recovery is unknown at the present time.

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts as of June 30, 2011, including the applicable allowances for uncollectible accounts, are presented below.

	PROPERTY TAXES		
	TAXES	INTEREST & LIEN FEES	TOTAL
Current Portion	<u>\$ 554,085</u>	<u>\$ 106,547</u>	<u>\$ 660,632</u>
Long-term Portion	\$ 339,601	\$ 65,303	\$ 404,904
Less Allowance for Uncollectibles	<u>(36,000)</u>	<u>(16,000)</u>	<u>(52,000)</u>
Net Long-term Portion	<u>\$ 303,601</u>	<u>\$ 49,303</u>	<u>\$ 352,904</u>

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

B. Receivables (Continued)

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

	SEWER USE			SEWER	
	USE	INTEREST & LIEN FEES	TOTAL	ASSESSMENT	TOTAL
Current Portion	<u>\$ 807,396</u>	<u>\$ 3,726</u>	<u>\$ 811,122</u>	<u>\$ 28,859</u>	<u>\$ 839,981</u>
Long-term Portion	\$ 244,533	\$ 3,726	\$ 248,259	\$	248,259
Less Allowance for Uncollectibles	<u>(21,000)</u>	<u> </u>	<u>(21,000)</u>	<u> </u>	<u>(21,000)</u>
Net Long-term Portion	<u>\$ 223,533</u>	<u>\$ 3,726</u>	<u>\$ 227,259</u>	<u>\$ -</u>	<u>\$ 227,259</u>

Governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	UNAVAILABLE	UNEARNED	TOTAL
Delinquent property taxes receivable	\$ 673,415	\$	\$ 673,415
Sewer assessments and charges receivable	870,585		870,585
Reimbursement grants	745,912		745,912
Loans receivable	224,200		224,200
Unearned property tax payments paid in advance		158,372	158,372
Grant draw downs prior to meeting all eligibility requirements		110,362	110,362
TOTALS	<u>\$ 2,514,112</u>	<u>\$ 268,734</u>	<u>\$ 2,782,846</u>

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities:				
<u>Capital Assets, not being Depreciated:</u>				
Land.....	\$ 11,028,391	\$	\$	\$ 11,028,391
Construction in progress.....	3,387,315	1,002,062	515,184	3,874,193
Total Capital Assets, not being Depreciated.....	14,415,706	1,002,062	515,184	14,902,584
<u>Capital Assets, being Depreciated:</u>				
Land and building improvements.....	10,815,284	543,893		11,359,177
Buildings.....	66,497,368			66,497,368
Machinery and equipment.....	5,782,458	34,839		5,817,297
Infrastructure.....	79,719,978	676,357		80,396,335
Vehicles.....	3,221,983	162,428	138,974	3,245,437
Total Capital Assets, being Depreciated.....	166,037,071	1,417,517	138,974	167,315,614
Total Capital Assets.....	180,452,777	2,419,579	654,158	182,218,198
<u>Less Accumulated Depreciation for:</u>				
Land and building improvements.....	2,782,326	284,778		3,067,104
Buildings.....	25,153,979	1,279,622		26,433,601
Machinery and equipment.....	3,711,484	250,896		3,962,380
Infrastructure.....	24,745,547	1,314,335		26,059,882
Vehicles.....	2,525,926	276,345	120,742	2,681,529
Total Accumulated Depreciation.....	58,919,262	3,405,976	120,742	62,204,496
Total Capital Assets, being Depreciated, net.....	107,117,809	(1,988,459)	18,232	105,111,118
Governmental Activities Capital Assets, net.....	\$ 121,533,515	\$ (986,397)	\$ 533,416	\$ 120,013,702

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

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

General government.....	\$ 1,162,222
Public safety.....	121,966
Highway department.....	182,033
Sanitation and waste removal	657,721
Health and welfare	7,132
Education	<u>1,274,902</u>

Total Depreciation Expense \$ 3,405,976

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2011 is as follows:

<u>MAJOR FUNDS</u>	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
GENERAL FUND:			
Shellfish Fund.....	N/A	\$ 4,066	\$
Town Aid Road Fund	N/A		103,347
Dog License Fund.....	N/A		12,231
Youth Service Activity Fund.....	N/A	8,649	
Community Development Block Grant Fund	N/A	994	
Recreation Commission Fund	N/A	16,262	
Sewer Development and Maintenance Fund.....	N/A		98,513
Prepaid Education Grants	N/A	102,552	
Human Services Grants	N/A		29,069
Miscellaneous	N/A	98,834	67,593
Capital Nonrecurring	N/A		3,965
Bonded Capital Projects	N/A	841,815	
Sewer Usage Fund	N/A	309,195	
Planning and Developing Grant Fund.....	N/A	448,304	
Internal Service Fund.....	N/A		211,102
Retiree Trust Fund.....	N/A		10,000
Stonington Harbor management	N/A		23,722
Mystic Harbor management	N/A		<u>10,628</u>
 TOTAL GENERAL FUND.....	 N/A	 <u>1,830,671</u>	 <u>570,170</u>
 BONDED CAPITAL PROJECTS FUND	 General Fund	 <u>841,815</u>	
SEWER USAGE FUND.....	General Fund	<u>309,195</u>	
PLANNING AND DEVELOPING GRANT FUND	General Fund	<u>448,304</u>	

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

1. Interfund Payables and Receivables (Continued)

	CORRESPONDING FUND	DUE FROM	DUE TO
<u>NONMAJOR FUNDS</u>			
SPECIAL REVENUE FUNDS:			
Shellfish Fund	General Fund	\$	\$ 4,066
Town Aid Road Fund	General Fund	103,347	
Dog License Fund	General Fund	12,231	
Youth Service Activity Fund	General Fund		8,649
Youth Service Activity Fund	Recreation Fund	1,232	
Community Development Block Grant	General Fund		994
Recreation Commission Fund	General Fund		16,262
Recreation Commission Fund	Youth Service		1,232
Sewer Development and Maintenance Fund	General Fund	98,513	
Prepaid Education Grants	General Fund		102,552
Human Services Grant	General Fund	29,069	
Miscellaneous	General Fund	67,593	98,834
TOTAL SPECIAL REVENUE FUNDS		311,985	232,589
CAPITAL PROJECTS FUNDS:			
Capital Nonrecurring	General Fund	3,965	
TOTAL NONMAJOR FUNDS		315,950	232,589
INTERNAL SERVICE FUND	General Fund	211,102	
FIDUCIARY FUNDS:			
Retiree Trust Fund	General Fund	10,000	
Stonington Harbor management	General Fund	23,722	
Mystic Harbor management	General Fund	10,628	
TOTAL FIDUCIARY FUNDS		44,350	
GRAND TOTAL		\$ 2,402,073	\$ 2,402,073

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

2. Interfund Transfers

A summary of interfund transfers as of June 30, 2011, is as follows:

<u>MAJOR FUNDS</u>	<u>CORRESPONDING FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
GENERAL FUND:			
Sewer Assessment Fund	N/A	\$ 100,000	\$
Dog License Fund.....	N/A		3,500
Recreation Commission Fund	N/A		1,000
Miscellaneous	N/A		78,928
Debt Service.....	N/A	499,162	
Capital Nonrecurring	N/A		729,535
Sewer Usage Fund	N/A		330,000
TOTAL GENERAL FUND.....		599,162	1,142,963
SEWER USAGE FUND.....	General Fund	330,000	
<u>NONMAJOR FUNDS</u>			
SPECIAL REVENUE FUNDS:			
Sewer Assessment Fund	General Fund		100,000
Dog License Fund.....	General Fund	3,500	
Youth Service Activity Fund.....	United Way	3,081	
Youth Service Activity Fund.....	Ston Soc Services	2,382	
Recreation Commission Fund	General Fund	1,000	
United Way Eviction Prevention Fund	Youth Services		3,081
Stonington Social Services Fuel Bank	Youth Services		2,382
Miscellaneous	General Fund	78,928	
Miscellaneous	OPEB Trust		383,354
TOTAL SPECIAL REVENUE FUNDS.....		88,891	488,817
DEBT SERVICE	General Fund		499,162
CAPITAL NONRECURRING.....	General Fund	729,535	
TOTAL NONMAJOR FUNDS.....		818,426	987,979
FIDUCIARY FUNDS:			
OPEB Trust Fund	Miscellaneous	383,354	
GRAND TOTAL		\$ 2,130,942	\$ 2,130,942

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

E. Operating Leases

The Town leases a Ford Ranger truck and 2 Ford Fusion cars. The present lease term of each lease is 4 years, expiring March 21, 2014, with the right to return the vehicles and terminate the lease after 3 years. Lease payments for the current year were \$3,132. Future lease payments for fiscal years 2012 and 2013 will be \$12,528 and \$9,396 for fiscal year 2014.

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations

1. Summary of Changes

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2011	CURRENT PORTION
GENEAL PURPOSE:									
Improvement Bond.....	425,000	07/01/07	09/01/26	4.125%-5.5%	\$ 460,000	\$	\$ 115,000	\$ 345,000	\$ 115,000
Refunding Bond.....	4,525,000	02/15/09	05/15/20	2.0%-5.0%	4,237,400		562,700	3,674,700	441,400
TOTAL GENERAL PURPOSE.....					4,697,400	-	677,700	4,019,700	556,400
SCHOOL:									
Improvement Bond.....	5,000,000	10/15/03	10/15/23	2.5%-4.5%	3,625,000		275,000	3,350,000	275,000
Improvement Bond.....	10,000,000	10/01/04	10/01/24	3.0%-4.25%	8,400,000		400,000	8,000,000	600,000
Improvement Bond.....	10,000,000	10/01/05	10/01/25	3.25%-5.0%	8,000,000		500,000	7,500,000	500,000
Improvement Bond.....	3,275,000	07/01/07	09/01/26	4.125%-5.5%	2,925,000		175,000	2,750,000	175,000
Refunding Bond.....	3,000,000	02/15/09	05/15/20	2.0%-5.0%	2,712,600		337,300	2,375,300	328,600
TOTAL SCHOOL.....					25,662,600	-	1,687,300	23,975,300	1,878,600
SEWER:									
Improvement Bond.....	\$9,810,000	02/15/92	02/15/12	5.0%-7.0%	990,000		495,000	495,000	495,000
Improvement Bond.....	2,100,000	10/01/04	10/01/24	3.0%-4.25%	1,650,000		110,000	1,540,000	110,000
Improvement Bond.....	700,000	07/01/07	09/01/26	4.125%-5.5%	280,000		70,000	210,000	70,000
TOTAL SEWER.....					2,920,000	-	675,000	2,245,000	675,000
CLEAN WATER LOANS:									
Clean Water Loan.....	2,517,660	1991	2010	2%	125,882		125,882	-	
Clean Water Loan.....	1,563,519	1998	2017	2%	526,081		75,156	450,925	75,154
Clean Water Loan.....	1,148,280	06/30/00	2016	2%	519,984		69,946	450,038	71,345
TOTAL CLEAN WATER LOANS.....					1,171,947	-	270,984	900,963	146,499
TOTAL BOND AND NOTES.....					34,451,947	-	3,310,984	31,140,963	3,256,499
PREMIUM.....					161,288		161,288	-	
DEFERRED CHARGE ON REFUNDING.....					146,661		146,661	-	
TOTAL BONDS, NOTES & RELATED LIABILITIES.....					34,759,896	-	3,618,933	31,140,963	3,256,499
LANDFILL POSTCLOSURE COSTS.....					466,500		67,500	399,000	28,500
COMPENSATED ABSCENCES.....					2,785,836	669,822	1,302,061	2,153,597	430,719
HEART & HYPERTENSION.....					148,752	6,915	2,707	152,960	
NET OPEB OBLIGATION.....					175,645	700,998	671,000	205,643	
TOTAL GENERAL LONG-TERM OBLIGATIONS.....					\$ 38,336,629	\$ 1,377,735	\$ 5,662,201	\$ 34,052,163	\$ 3,715,718

All long-term liabilities are generally liquidated by the General Fund.

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

Summary of Debt Service Requirements to Maturity

The annual requirements to amortize bonds payable and clean water loans at June 30, 2011, are as follows:

FISCAL YEAR END JUNE 30,	BONDS			CLEAN WATER		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2012	\$ 3,110,000	\$1,124,755	\$ 4,234,755	\$ 146,499	\$ 18,020	\$ 164,519
2013	2,595,000	1,007,386	3,602,386	147,926	15,089	163,015
2014	2,565,000	923,733	3,488,733	149,381	12,130	161,511
2015	2,380,000	839,098	3,219,098	150,866	9,143	160,009
2016	2,335,000	762,380	3,097,380	152,380	6,126	158,506
2017	2,335,000	672,658	3,007,658	153,911	3,093	157,004
2018	2,305,000	589,973	2,894,973			
2019	2,140,000	497,454	2,637,454			
2020	2,135,000	406,386	2,541,386			
2021	1,630,000	315,254	1,945,254			
2022	1,530,000	250,954	1,780,954			
2023	1,530,000	187,605	1,717,605			
2024	1,530,000	123,195	1,653,195			
2025	1,280,000	63,487	1,343,487			
2026	670,000	21,715	691,715			
2027	170,000	3,655	173,655			
TOTALS	\$ 30,240,000	\$ 7,789,688	\$ 38,029,688	\$ 900,963	\$ 63,601	\$ 964,564

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

2. Statutory Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 117,838,086	\$ 7,771,331	\$ 110,066,755
Schools	235,676,173	23,975,300	211,700,873
Sewers	196,396,811	20,570,000	175,826,811
Urban renewal	170,210,569		170,210,569
Pension deficit	157,117,449		157,117,449

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$366,607,380.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued.

3. Prior Years' Advance Refunding

In the prior years, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. As of June 30, 2011, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$6,175,000.

4. Landfill Closure and Postclosure Care Costs

The Town closed its landfill in 1995. State and Federal laws and regulations require landfill closures to meet certain standards. Monitoring costs and estimated repairs and maintenance for the next 14 years at \$28,500 per year are \$399,000. 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 BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

5. Authorized/Unissued Bonds

At June 30, 2011, the amount of authorized, unissued bonds for improvements to the Town's waste water treatment facilities is \$18,325,000.

G. Restricted Net Assets

The amount of restricted net assets, which were restricted by enabling legislation, totaled \$350,232 at June 30, 2011.

H. Fund Balance Classifications

As of June 30, 2011, fund balances are composed of the following:

FUND BALANCE COMPONENT	GENERAL FUND	BONDED CAPITAL PROJECTS	SEWER USAGE FUND	PLANNING AND DEVELOPING GRANT FUND	NONMAJOR FUNDS	TOTAL
<u>RESTRICTED:</u>						
Public safety	\$	\$	\$	\$	\$ 6,248	\$ 6,248
Highway department					103,222	103,222
Sanitation and waste removal					88,972	88,972
Human services					4,525	4,525
Education					147,265	147,265
TOTAL RESTRICTED	-	-	-	-	350,232	350,232
<u>COMMITTED:</u>						
General government					183,640	183,640
Sanitation and waste removal					589,485	589,485
Approved CNR Projects					2,031,788	2,031,788
TOTAL COMMITTED	-	-	-	-	2,804,913	2,804,913
<u>ASSIGNED:</u>						
Subsequent years budget	830,300					830,300
General government	61,819					61,819
Public safety	5,095				4,349	9,444
Highway department	27,503					27,503
Sanitation and waste removal			822,470			822,470
Human services					170,168	170,168
Recreation					123,479	123,479
Education	239,637				142,850	382,487
TOTAL ASSIGNED	1,164,354	-	822,470	-	440,846	2,427,670
<u>UNASSIGNED</u>						
	11,559,991	(841,815)		(289,156)		10,429,020
TOTAL	\$ 12,724,345	\$ (841,815)	\$ 822,470	\$ (289,156)	\$ 3,595,991	\$ 16,011,835

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION

A. Risk Management

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

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

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

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

	CLAIMS PAYABLE <u>JULY 1</u>	CURRENT YEAR CLAIMS AND CHANGES IN <u>ESTIMATES</u>	CLAIMS <u>PAID</u>	CLAIMS PAYABLE <u>JUNE 30</u>
2009-2010	\$ 482,721	\$ 5,043,569	\$ 5,055,595	\$ 470,695
2010-2011	470,695	5,401,912	5,439,093	433,514

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

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

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 2010-2011 will be evaluated at 18, 30, and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

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

B. Commitments and Litigation

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

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

C. Pension Plans

1. Plan Description

Summary

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

2. Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

2. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

b. Valuation of Investments

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

3. Classes of Employees Covered

At July 1, 2010, PERS membership consisted of :

Retirees and beneficiaries receiving benefits	121
Terminated plan members entitled to but not yet receiving benefits	40
Active plan members	<u>199</u>
Total Plan Participants	<u>360</u>
Number of participating employers	1

4. Benefit Provisions

a. Benefit Provisions

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

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

4. Benefit Provisions (Continued)

b. Funding Policy

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

5. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER/ (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
July 1, 2010	\$ 19,653,688	\$ 25,290,061	\$(5,636,373)	77.7%	\$ 9,342,487	(60.3%)

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

6. Actuarial Assumptions

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

Valuation Date	July 1, 2010
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Amount
Remaining Amortization Period	20 Years – Open
Asset Valuation Method	5 – Year Smoothed Market Value

Actuarial Assumptions:

Investment Rate of Return	7.50%
Projected Salary Increases	4.50%
Includes Inflation at	3.50%

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

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

Annual required contribution	\$ 1,163,837
Interest on net pension obligation	(17,746)
Adjustment to annual required contribution	<u>21,589</u>
Annual pension cost	1,167,680
Contributions made	<u>1,471,967</u>
Increase in net pension (asset)	(304,287)
Net pension (asset), July 1, 2010	<u>(236,619)</u>
Net pension (asset), June 30, 2011	<u><u>\$ (540,906)</u></u>

Three Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation/ (Asset)</u>
06/30/09	\$ 870,643	108.5%	\$ (166,729)
06/30/10	940,582	107.4%	(236,619)
06/30/11	1,167,680	126.1%	(540,906)

8. Municipal Employees' Retirement System

a. Plan Description

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

8. Municipal Employees' Retirement System (Continued)

b. Plan Provisions

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

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

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

c. Funding Policy

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

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

YEAR ENDING <u>JUNE 30,</u>	
2009.....	\$ 322,679
2010.....	363,715
2011.....	474,968

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

D. Other Post Employment Benefits Plan

1. Plan Description

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

2. Benefit Provisions

a. Benefit Provisions

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

b. Employer Contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town's total plan contribution was \$671,000.

c. Employee Contributions

There are no employee contributions to the plan.

3. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2009 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER/ (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1, 2009	\$ -	\$ 9,625,000	\$ (9,625,000)	0%	N/A	N/A

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

D. Other Post Employment Benefits Plan (Continued)

4. Actuarial Methods and Assumptions

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

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

VALUATION DATE	July 1, 2009
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Level Percentage
REMAINING AMORTIZATION PERIOD:	30 years closed
ASSET VALUATION METHOD	Fair Value
<u>ACTUARIAL ASSUMPTIONS:</u>	
Investment rate of return	7.5%
Healthcare inflation rate:	
Initial	6.6%
Ultimate	4.4%

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

The changes in the NOO were as follows:

Annual required contribution.....	\$ 698,000
Interest on net OPEB obligation	13,173
Adjustment to annual required contribution.....	<u>(10,175)</u>
Annual OPEB cost.....	700,998
Contributions made	<u>671,000</u>
Change in net OPEB obligation	29,998
Net OPEB obligation - July 1, 2010	<u>175,645</u>
Net OPEB obligation - June 30, 2011	<u>\$ 205,643</u>

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

D. Other Post Employment Benefits Plan (Continued)

6. Three Year Trend Information

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
2009	\$ 658,000	86.32%	\$ 90,000
2010	688,645	87.56%	175,645
2011	700,998	95.72%	205,643

E. Retiree Health Care Defined Contribution Plan

The Town has a defined contribution healthcare plan covering police officers that was established in July of 2004. The plan provides for retiree health care benefits through reimbursement of eligible medical care expenses, including the reimbursement of retiree healthcare premiums upon retirement from the Town. Participation in the plan is mandatory for all eligible police officers. The employee contribution is 2% of base pay with an equivalent Town match. Upon normal retirement, the participant's account balance shall be a minimum of \$20,000. If the account balance is less than \$20,000, the Town shall make contributions necessary to bring the account balance to \$20,000. Total Town and employee contributions for the year ended June 30, 2011 were \$61,018 and \$46,018 respectively.

F. On-Behalf Payments

The amount recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the state on-behalf of the Town's teachers to the State Teachers' Retirement System was \$2,318,000.

G. Restatement

Government-wide financial statements:

Beginning net assets has been restated as follows:

Net assets - June 30, 2010, as previously reported	\$ 104,461,862
To correct misclassified private purpose trust fund	(161,583)
To correct misclassified retiree trust fund	<u>(535,696)</u>
Net assets - July 1, 2010, as restated	<u>\$ 103,764,583</u>

TOWN OF STONINGTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

G. Restatement (Continued)

Fund financial statements:

Beginning fund balances of nonmajor governmental funds have been restated as follows:

Fund balances - June 30, 2010, as previously reported	\$ 4,906,439
To correct misclassified private purpose trust fund	<u>(161,583)</u>
Fund balances - July 1, 2010, as restated	<u>\$ 4,744,856</u>

Beginning net assets of the private purpose trust fund has been restated as follows:

Net assets - June 30, 2010, as previously reported	\$
To correct misclassified private purpose trust fund	<u>161,583</u>
Net assets - July 1, 2010, as restated	<u>\$ 161,583</u>

Beginning net assets of the internal service fund has been restated as follows:

Net assets - June 30, 2010, as previously reported	\$ 2,964,183
To correct misclassified retiree trust fund	<u>(535,696)</u>
Net assets - July 1, 2010, as restated	<u>\$ 2,428,487</u>

Beginning net assets of the retiree trust fund has been restated as follows:

Net assets - June 30, 2010, as previously reported	\$
To correct misclassified retiree trust fund	<u>535,696</u>
Net assets - July 1, 2010, as restated	<u>\$ 535,696</u>

Required Supplementary Information

TOWN OF STONINGTON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

STONINGTON RETIREMENT SYSTEMS

SCHEDULE OF FUNDING PROGRESS

PENSION TRUST						
ACTUARIAL VALUATION DATE JULY 1,	A ACTUARIAL VALUE OF ASSETS	B ACTUARIAL ACCURED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	[(A-B)/C] OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROL
2005	\$ 15,944,000	\$ 18,202,000	\$ (2,258,000)	87.6%	\$ 7,002,000	(32.25%)
2006	16,308,867	19,604,095	(3,295,228)	83.2%	7,598,714	(43.37%)
2007	17,463,378	20,941,948	(3,478,570)	83.4%	7,899,350	(44.04%)
2008	18,683,172	22,649,059	(3,965,887)	82.5%	8,332,324	(47.60%)
2009	18,563,663	24,180,363	(5,616,700)	76.8%	8,843,202	(63.51%)
2010	19,653,688	25,290,061	(5,636,373)	77.7%	9,342,487	(60.33%)
OTHER POST EMPLOYMENT BENEFITS PLAN						
ACTUARIAL VALUATION DATE JULY 1,	A ACTUARIAL VALUE OF ASSETS	B ACTUARIAL ACCURED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	[(A-B)/C] OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROL
2007	\$	\$ 9,478,000	\$ (9,478,000)	0.0%	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009		9,625,000	(9,625,000)	0.0%	N/A	N/A

N/A - Not available

TOWN OF STONINGTON, CONNECTICUT**REQUIRED SUPPLEMENTARY INFORMATION****STONINGTON RETIREMENT SYSTEMS****SCHEDULE OF EMPLOYER CONTRIBUTIONS****PENSION TRUST**

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTIONS	ACTUAL CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
2006	\$ 453,663	\$ 464,400	102.4%
2007	657,952	665,953	101.2%
2008	828,833	890,080	107.4%
2009	869,139	944,785	108.7%
2010	937,874	1,010,472	107.7%
2011	1,163,837	1,471,967	126.5%

OTHER POST EMPLOYMENT BENEFITS PLAN

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTIONS	ACTUAL CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
2009	\$ 658,000	\$ 568,000	86.3%
2010	687,000	603,000	87.8%
2011	698,000	671,000	96.1%

Supplemental Schedules

General Fund

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

TOWN OF STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES				
Current levy.....	\$ 47,663,378	\$ 47,663,378	\$ 47,641,734	\$ (21,644)
Prior year taxes.....	325,000	325,000	419,412	94,412
Motor vehicle supplement.....	160,000	160,000	194,756	34,756
Interest and lien fees.....	200,000	200,000	289,314	89,314
Telephone access line.....	125,000	125,000	77,923	(47,077)
TOTAL PROPERTY TAXES.....	48,473,378	48,473,378	48,623,139	149,761
LICENSES AND PERMITS				
Building permits.....	110,000	110,000	204,970	94,970
Business licenses.....	14,000	14,000	14,925	925
Conveyance taxes.....	120,000	120,000	250,797	130,797
Town clerk's fees.....	150,000	150,000	184,830	34,830
Miscellaneous permits.....	2,000	2,000	2,900	900
Alarm registration.....	6,500	6,500	6,600	100
Wetlands permits.....	1,000	1,000	4,150	3,150
P & Z and zoning board fees.....	75,000	75,000	95,505	20,505
TOTAL LICENSES AND PERMITS.....	478,500	478,500	764,677	286,177
FINES AND FORFEITS				
Parking fines.....	10,000	10,000	6,350	(3,650)
Alarm penalties.....	2,200	2,200	1,665	(535)
TOTAL FINES AND FORFEITS.....	12,200	12,200	8,015	(4,185)
REVENUES - USE OF TOWN MONEY				
Interest income.....	100,001	100,001	118,943	18,942
Rentals.....	23,000	23,000	42,210	19,210
Lease SNEFLA.....	12,500			-
Loan repayment SNEFLA.....		12,500	12,500	-
TOTAL REVENUES - USE OF TOWN MONEY.....	135,501	135,501	173,653	38,152
INTERGOV REVENUES: STATE GRANTS FOR ED				
ECS ARRA.....			294,062	294,062
Education cost sharing grant.....	2,061,204	2,061,204	1,747,912	(313,292)
Transportation.....	52,091	52,091	75,742	23,651
Nonpublic services.....	3,402	3,402	3,056	(346)
Nonpublic health services.....	9,352	9,352	9,042	(310)
TOTAL INTERGOV REVENUES: STATE GRANTS FOR ED....	2,126,049	2,126,049	2,129,814	3,765
STATE GRANTS FOR REIMB ON REVENUE LOSS				
Reimbursement disabled.....	1,600	1,600	1,591	(9)
Veterans' exemption.....	16,200	16,200	16,053	(147)
Tax relief for elderly.....	129,500	129,500	130,834	1,334
PILOT state owned property.....	20,986	20,986	21,107	121
Boat tax.....			68,922	68,922
Mfg. machinery & equipment.....	82,726	82,726	80,628	(2,098)
Mashantucket Pequot grant.....	33,124	33,124	34,001	877
TOTAL STATE GRANTS FOR REIMB ON REVENUE LOSS....	284,136	284,136	353,136	69,000
STATE GRANTS FOR OTHER PURPOSES				
Parking ticket surcharge.....	11,000	11,000	12,911	1,911
Youth services.....	19,275	19,275	19,284	9
Civil preparedness.....	6,500	6,500	8,131	1,631
TOTAL STATE GRANTS FOR OTHER PURPOSES.....	36,775	36,775	40,326	3,551
TOTAL INTERGOVERNMENTAL REVENUE.....	2,446,960	2,446,960	2,523,276	76,316

(Continued)

TOWN OF STONINGTON, CONNECTICUT
GENERAL FUND - SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONCLUDED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
CHARGES FOR SERVICES				
Solid waste disposal fees.....	\$ 1,625,000	\$ 1,625,000	\$ 1,230,310	\$ (394,690)
SCRRRA transportation.....	82,000	82,000	93,511	11,511
Landfill recycling.....	25,000	25,000	100,044	75,044
Tipping fees.....	110,000	110,000	116,767	6,767
Building rental/miscellaneous.....	800	800	3,235	2,435
Medicaid reimbursement.....	18,000	18,000	11,802	(6,198)
Board of ed activity fees.....	7,500	7,500	9,419	1,919
Tuition other towns.....	23,750	23,750	23,984	234
Miscellaneous revenue.....	12,000	12,000	22,756	10,756
Accident reports.....	1,400	1,400	1,158	(242)
Data processing revenue.....	20,000	20,000	15,482	(4,518)
In lieu of taxes housing auth.....	10,000	10,000	14,627	4,627
Mystic upgrade d/s offset.....	18,800	18,800	18,672	(128)
GIS revenues.....	1,000	1,000	1,474	474
Utility billing revenue offset.....	12,000	12,000	12,000	-
Vehicle use outside jobs.....	27,000	27,000	80,050	53,050
Admin / miscellaneous fees.....	7,200	7,200	20,482	13,282
TOTAL CHARGES FOR SERVICES.....	2,001,450	2,001,450	2,222,175	220,725
OTHER FINANCING SOURCES				
Appropriation of fund balance.....	612,557	1,006,837		(1,006,837)
Cancellation of prior year encumbrances.....			37,496	37,496
Transfers in - debt service offset.....	500,000	500,000	499,162	(838)
Transfers in - sewer benefit assessment (comb).....	100,000	100,000	100,000	-
TOTAL OTHER FINANCING SOURCES.....	1,212,557	1,606,837	636,658	(970,179)
GRAND TOTAL - REVENUES AND OTHER FINANCING SOURCES.....	\$ 54,760,546	\$ 55,154,826	\$ 54,951,593	\$ (203,233)

(Concluded)

TOWN OF STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
DEPARTMENT OF FIRST SELECTMAN				
OFFICE OF SELECTMAN				
First selectman.....	\$ 87,604	\$ 87,604	\$ 87,586	\$ 18
Second selectman.....	5,722	5,722	5,694	28
Third selectman.....	5,722	5,722	5,694	28
Town attorney.....	50,000	50,000	50,000	-
Expenses (first selectman).....	6,000	6,000	6,000	-
Examination of indices.....	2,500	2,500	2,500	-
Mosquito abatement.....	30,000	30,000	30,000	-
Legal services & courts.....	80,000	80,000	62,906	17,094
Tree trimming & lighting.....	5,000	5,000	2,172	2,828
Town wide.....	20,000	20,000	15,238	4,762
Administrative services.....	11,700	11,700	3,445	8,255
Tax collector.....	1,000	1,000	1,000	-
Economic development comm.....	7,000	7,000	6,986	14
Finance.....	3,000	3,000	2,839	161
Solid waste.....	5,000	5,000	2,292	2,708
TOTAL OFFICE OF SELECTMAN.....	320,248	320,248	284,352	35,896
PROGRAMS AND AGENCIES				
S.E.A.T.....	4,536	4,536	4,536	-
Secter.....	6,452	6,452	5,983	469
CT conference municipalities.....	11,913	11,913	11,913	-
Southeastern CT council of gov.....	8,437	8,437	8,437	-
Wood pawcatuck watershed.....	1	1		1
Mystic river pk public restrooms.....	10,609	10,609	10,609	-
CT council of small towns.....	1,025	1,025	1,025	-
Westerly pops concert.....	2,500	2,500	2,500	-
Affordable housing committee.....	1	1		1
Chamber activities.....	1,000	1,000	1,000	-
TOTAL PROGRAMS AND AGENCIES.....	46,474	46,474	46,003	471
WATERFRONT COMMISSION				
Clerical services.....	900	900	825	75
Postage.....	75	75	75	-
Consumable supplies.....	25	25		25
Miscellaneous.....	75	75		75
TOTAL WATERFRONT COMMISSION.....	1,075	1,075	900	175
PAWCATUCK RIVER HARBOR MANAGEMENT				
Clerical services.....	990	990	360	630
Postage.....	200	200		200
Advertising.....	500	500		500
Consumable supplies.....	400	400	4	396
Reproduction & printing.....	500	500		500
Miscellaneous.....	305	305		305
TOTAL PAWCATUCK RIVER HARBOR MANAGEMENT.....	2,895	2,895	364	2,531

(Continued)

TOWN OF STONINGTON, CONNECTICUT
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
SHELLFISH COMMISSION				
Expenses.....	\$ 50	\$ 50	\$	\$ 50
ECONOMIC DEVELOPMENT COMMISSION				
Postage.....	200	200		200
Advertising.....	4,500	4,500	5,010	(510)
Consumable supplies.....	1,000	1,000	914	86
Trade shows.....	500	500	370	130
Travel.....	450	450		450
TOTAL ECONOMIC DEVELOPMENT COMMISSION.....	6,650	6,650	6,294	356
EMERGENCY MANAGEMENT				
Emerg. mgt. tactical oper. dir.....	11,048	11,048	11,048	-
Clerical salaries.....	1,600	1,600	1,600	-
Consumable supplies.....	250	250	244	6
Equipment.....	500	500	500	-
Dev. of emergency plan.....	1	1		1
Miscellaneous.....	100	100	94	6
Furniture & equipment.....	750	750	750	-
Generator maintenance.....	1	1		1
Water testing.....	400	400		400
Communications.....	1	1		1
R911 maintenance.....	9,000	9,000	8,753	247
TOTAL EMERGENCY MANAGEMENT.....	23,651	23,651	22,989	662
ELECTIONS				
Referenda/election personnel.....	57,000	57,000	55,864	1,136
Registrars' salaries.....	30,402	30,402	30,402	-
Postage.....	5,000	4,677	341	4,336
Advertising.....	5,000	4,464	478	3,986
Consumable supplies.....	2,000	2,000	441	1,559
Telephone.....	3,000	3,000	4,231	(1,231)
Equipment.....	2,000	2,000	99	1,901
Reproduction & printing.....	500	500	57	443
Prof assoc. & publications.....	600	600	1,570	(970)
Voting canvas.....	1,000	1,000	105	895
Miscellaneous.....	500	500	1,824	(1,324)
Voting machine.....	2,200	2,870	2,870	-
Ballot printing / programming.....	10,000	9,330	8,849	481
TOTAL ELECTIONS.....	119,202	118,343	107,131	11,212
TOWN CLERK				
Salary of town clerk.....	62,100	62,100	62,100	-
Clerical salaries.....	86,480	86,492	86,492	-
Postage.....	2,500	2,500	2,500	-
Advertising.....	5,500	12,740	15,071	(2,331)
Consumable supplies.....	3,500	3,500	3,363	137
Telephone.....	500	500	441	59
Equipment.....	5,000	5,000	2,929	2,071
Prof assoc. & publications.....	220	220	155	65
Furniture & equipment.....	1	1		1
Training & education.....	1,000	988	648	340
Land records & data processing.....	42,000	34,917	34,917	-
Vital statistics.....	450	293	198	95
TOTAL TOWN CLERK.....	209,251	209,251	208,814	437

(Continued)

SCHEDULE 2
(3 of 12)

TOWN OF STONINGTON, CONNECTICUT
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TOWN MEETING & REFERENDA				
Town meeting personnel.....	\$ 200	\$ 200	\$	\$ 200
Advertising.....	3,000	3,536	3,736	(200)
TOTAL TOWN MEETING & REFERENDA.....	3,200	3,736	3,736	-
JUDGE OF PROBATE				
Postage.....	600	923	1,158	(235)
Consumable supplies.....	1,000	4,000	4,163	(163)
Reproduction & printing.....	900	900	502	398
Telephone.....	500	500	500	-
TOTAL JUDGE OF PROBATE.....	3,000	6,323	6,323	-
PAYMENT/OTHER CIVIL DIVISIONS				
Borough of Stonington.....	161,003	161,003	161,003	-
INFORMATION SYSTEMS				
IT manager.....	82,987	64,987	64,965	22
GIS.....	31,500	31,506	31,506	-
Postage.....	300	300	83	217
Consumable supplies.....	2,000	2,000	1,947	53
Reproduction & printing.....	50	50	34	16
Telephone.....	1,500	1,500	1,344	156
Prof assoc. & publications.....	250	250		250
Equipment & licensing.....	30,040	63,150	61,229	1,921
Internet hosting expense.....	4,000	4,000	4,225	(225)
Miscellaneous.....	50	50	50	-
Training & education.....	2,000	1,994	1,495	499
Telecommunications.....	53,000	53,000	52,978	22
Technical assistance.....	5,000	5,000	4,905	95
TOTAL INFORMATION SYSTEMS.....	212,677	227,787	224,761	3,026
TOTAL DEPARTMENT OF FIRST SELECTMAN.....	1,109,376	1,127,486	1,072,670	54,816
DEPARTMENT OF ADMINISTRATIVE SERVICES				
ADMINISTRATION				
Dir of administrative srvs.....	85,969	85,969	80,636	5,333
Administrative support staff.....	197,886	197,886	174,415	23,471
Postage.....	1,000	1,000	912	88
Advertising.....	14,000	14,000	9,794	4,206
Consumable supplies.....	1,700	1,700	2,702	(1,002)
Reproduction & printing.....	500	500	481	19
Telephone.....	150	150	203	(53)
Equipment.....	5,400	5,400	3,230	2,170
Prof assoc. & publications.....	4,000	4,000	2,365	1,635
Seminars & programs (trng/ed).....	750	750		750
Database expenses.....	6,670	6,670	3,777	2,893
Miscellaneous.....	700	700	484	216
Memorial observances.....	7,500	7,500	7,205	295
Columbus day observances.....	5,000	5,000	5,000	-
Furniture & equipment.....	1,500	1,500	1,335	165
Training & education.....	2,000	2,000	185	1,815
TOTAL ADMINISTRATION.....	334,725	334,725	292,724	42,001

(Continued)

SCHEDULE 2

(4 of 12)

TOWN OF STONINGTON, CONNECTICUT
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
HUMAN RESOURCES				
Employee training/education.....	\$ 8,762	\$ 8,762	\$ 4,768	\$ 3,994
Labor negotiations.....	50,000	50,000	27,296	22,704
Pension plan.....	618,014	618,014	618,014	-
Social security.....	423,833	423,833	398,136	25,697
Unemployment.....	10,000	10,000	32,195	(22,195)
Heart & hypertension.....	33,302	33,302	32,849	453
Employee assistance program.....	2,200	2,200	1,755	445
Employee screening.....	700	700		700
Additional manpower.....	5,000	9,291	5,691	3,600
Employee travel expense.....	28,000	28,000	20,278	7,722
Accrued leave payout.....	20,000	20,000	17,750	2,250
Retiree health care.....	53,000	53,000	61,018	(8,018)
Health insurance.....	1,522,465	1,522,465	1,522,385	80
Life insurance.....	18,000	18,000	17,638	362
Pension plan funding contrib.....	300,179	300,179	300,179	-
TOTAL HUMAN RESOURCES.....	3,093,455	3,097,746	3,059,952	37,794
HEALTH OFFICER, SANITATION & EMS				
Health officer salaries.....	22,717	22,717	22,716	1
Sanitarian salaries.....	65,861	65,861	65,862	(1)
Expenses.....	1,575	1,575	1,385	190
Furniture & equipment.....	500	500		500
Training & education.....	500	500	100	400
Stonington ambulance.....	25,000	25,000	25,000	-
Mystic river ambulance.....	25,000	25,000	25,000	-
Westerly ambulance.....	25,000	25,000	25,000	-
TOTAL HEALTH OFFICER, SANITATION & EMS.....	166,153	166,153	165,063	1,090
RISK MANAGEMENT				
Risk management stipend.....	7,304	7,304	4,495	2,809
Property & liability insurance.....	520,000	520,000	471,258	48,742
Claims & damages.....	10,000	10,000	1,056	8,944
Dog damages.....	1	1		1
Safety program.....	2,500	2,500	483	2,017
TOTAL RISK MANAGEMENT.....	539,805	539,805	477,292	62,513
COMMUNITY DEVELOPMENT				
Clerical salaries.....	26,252	26,271	26,270	1
TOTAL DEPARTMENT OF ADMINISTRATIVE SERVICES.....	4,160,390	4,164,700	4,021,301	143,399
FINANCE DEPARTMENT				
FINANCE OFFICE				
Director of finance.....	97,533	97,533	97,096	437
Senior accountant.....	73,786	73,786	73,786	-
Clerical salaries.....	134,740	134,740	134,304	436
Postage.....	2,600	2,600	2,019	581
Consumable supplies.....	2,700	2,700	2,901	(201)
Reproduction & printing.....	700	700	591	109
Telephone.....	200	200	144	56
Prof assoc. & publications.....	800	800	625	175
Payroll services.....	26,000	26,000	27,364	(1,364)
Equipment & software support.....	16,000	16,000	15,290	710
Training & education.....	600	600	240	360
TOTAL FINANCE OFFICE.....	355,659	355,659	354,360	1,299

(Continued)

SCHEDULE 2

(5 of 12)

TOWN OF STONINGTON, CONNECTICUT
 GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
ASSESSOR'S OFFICE				
Salary of assessor.....	\$ 78,156	\$ 78,156	\$ 78,156	\$ -
Assistant assessor.....	57,800	57,800	57,741	59
Clerical salaries.....	87,620	87,620	81,307	6,313
Postage.....	1,564	1,564	1,564	-
Consumable supplies.....	1,950	1,950	1,853	97
Reproduction & printing.....	1,700	1,700	1,741	(41)
Telephone.....	1,490	1,490	85	1,405
Equipment.....	425	425	400	25
Prof assoc. & publications.....	2,004	2,004	1,897	107
Database expenses.....	13,316	13,316	13,375	(59)
Miscellaneous.....	1,401	1,401	1,323	78
Furniture & equipment.....	1	1		1
Training & education.....	1,656	1,656	1,742	(86)
Special audit pers. property.....	3,200	3,200	2,800	400
TOTAL ASSESSOR'S OFFICE.....	252,283	252,283	243,984	8,299
BOARD OF ASSESSMENT APPEALS				
Expenses.....	2,800	2,800	2,014	786
OFFICE OF THE TREASURER				
Salary of treasurer.....	3,542	3,542	3,542	-
Expenses.....	100	100		100
TOTAL OFFICE OF THE TREASURER.....	3,642	3,642	3,542	100
OFFICE OF THE TAX COLLECTOR				
Salary of tax collector.....	62,100	62,100	62,100	-
Clerical salaries.....	81,495	81,495	76,937	4,558
Postage.....	13,000	13,000	13,025	(25)
Advertising.....	1,500	1,500	1,265	235
Consumable supplies.....	1,150	1,150	796	354
Reproduction & printing.....	6,500	6,500	6,582	(82)
Telephone.....	300	300	332	(32)
Equipment.....	4,225	4,225	4,090	135
Prof assoc. & publications.....	150	150	125	25
Miscellaneous.....	100	100		100
Training & education.....	700	700	436	264
DMV delinquent reporting.....	3,500	3,500	3,365	135
TOTAL OFFICE OF THE TAX COLLECTOR.....	174,720	174,720	169,053	5,667
BOARD OF FINANCE				
Clerical salaries.....	2,000	2,000	1,200	800
Advertising.....	1,000	1,000	1,083	(83)
Professional services.....	2,000	2,000	-	2,000
Accounting and auditing.....	60,000	60,000	53,500	6,500
Special audit.....	10,000	10,000	10,000	-
GASB 45.....	90,000	90,000	90,000	-
Sales tax state of CT.....		262,113	262,113	-
TOTAL BOARD OF FINANCE.....	165,000	427,113	417,896	9,217
TOTAL FINANCE DEPARTMENT.....	954,104	1,216,217	1,190,849	25,368

(Continued)

TOWN OF STONINGTON, CONNECTICUT
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
DEBT SERVICE				
DEBT SERVICE INTEREST				
Series 1991 clean water (lds pt).....	\$ 2,518	\$ 2,518	\$ 2,518	\$ -
Series 1992 G.O. sewer (phase v).....	62,865	62,865	62,865	-
Series 1998 clean water (mys).....	10,522	10,522	10,522	-
Series 2000 clean water (mys).....	10,399	10,399	10,400	(1)
Series 2003 G.O. bonds (high sch).....	137,063	137,063	137,063	-
Series 2004 G.O. bonds (high sch).....	378,380	378,380	378,380	-
Series 2005 G.O. bonds (hi sch ren).....	305,625	305,625	305,625	-
Series 2007 G.O. bonds.....	149,178	149,178	149,178	-
Series 2009 refunding.....	211,225	211,225	211,225	-
TOTAL DEBT SERVICE INTEREST.....	1,267,775	1,267,775	1,267,776	(1)
DEBT SERVICE PRINCIPAL				
Series 1991 clean water (lds pt).....	125,883	125,883	125,883	-
Series 1992 G.O. sewer (phase v).....	495,000	495,000	495,000	-
Series 1998 clean water (mys).....	75,155	75,155	75,154	1
Series 2000 clean water (mys).....	69,946	69,946	69,946	-
Series 2003 G.O. bonds (high sch).....	275,000	275,000	275,000	-
Series 2004 G.O. bonds (high sch).....	510,000	510,000	510,000	-
Series 2005 G.O. bonds (hi sch ren).....	500,000	500,000	500,000	-
Series 2007 G.O. bonds.....	360,000	360,000	360,000	-
Series 2009 refunding.....	900,000	900,000	900,000	-
Bonding costs.....	6,000	6,000		6,000
TOTAL DEBT SERVICE PRINCIPAL.....	3,316,984	3,316,984	3,310,983	6,001
TOTAL DEBT SERVICE.....	4,584,759	4,584,759	4,578,759	6,000
DEPARTMENT OF PLANNING				
PLANNING OFFICE				
Director of planning.....	84,681	82,693	77,574	5,119
Planner.....	69,190	69,190	69,190	-
Zoning enforcement officer.....	61,580	61,580	61,579	1
Inland wetland enf. officer.....	25,647	25,647	24,732	915
Clerical salaries.....	85,340	87,328	87,328	-
Clerical meetings.....	5,500	5,500	4,100	1,400
Consumable supplies.....	2,500	2,500	1,395	1,105
Reproduction & printing.....	10,000	10,000	4,047	5,953
Telephone.....	500	500	132	368
Equipment.....	3,000	3,000	2,635	365
Prof assoc. & publications.....	1,200	1,200	1,091	109
FEMA CRS community outreach.....	3,000	3,000	2,045	955
Furniture & equipment.....	1,500	1,500		1,500
Training & education.....	3,000	3,000	1,354	1,646
TOTAL PLANNING OFFICE.....	356,638	356,638	337,202	19,436
PLANNING & ZONING COMMISSION				
Postage.....	7,500	7,500	2,000	5,500
Advertising & court steno.....	21,000	21,000	19,534	1,466
TOTAL PLANNING & ZONING COMMISSION.....	28,500	28,500	21,534	6,966
ZONING BOARD OF APPEALS				
Postage.....	1,450	1,450	200	1,250
Advertising.....	11,000	11,000	9,131	1,869
TOTAL ZONING BOARD OF APPEALS.....	12,450	12,450	9,331	3,119

(Continued)

TOWN OF STONINGTON, CONNECTICUT
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
CONSERVATION COMMISSION				
Reproduction & printing.....	\$ 200	\$ 200	\$ 200	\$ -
Prof assoc. & publications.....	600	600	1,075	(475)
Barn island field trips.....	3,500	3,500	2,862	638
TOTAL CONSERVATION COMMISSION.....	4,300	4,300	4,137	163
INLAND WETLANDS COMMISSION				
Postage.....	900	900	150	750
Advertising.....	5,000	5,000	4,106	894
TOTAL INLAND WETLANDS COMMISSION.....	5,900	5,900	4,256	1,644
TOTAL DEPARTMENT OF PLANNING.....	407,788	407,788	376,460	31,328
DEPARTMENT OF PUBLIC WORKS				
HIGHWAY DEPARTMENT				
Public works director.....	92,474	92,474	92,473	1
Labor salaries.....	1,005,604	1,004,412	1,001,385	3,027
Highway supervisor.....	71,342	71,342	71,548	(206)
Clerical salaries.....	21,920	21,920	21,931	(11)
Postage.....	350	350	161	189
Consumable supplies.....	2,325	2,325	1,440	885
Telephone.....	1,000	1,000	463	537
Hardware.....	13,000	13,523	15,050	(1,527)
Miscellaneous.....	1,250	1,250	1,334	(84)
Unleaded gasoline.....	5,500	6,599	6,599	-
Diesel fuel.....	55,000	56,544	56,619	(75)
Oil & lubrication.....	4,500	4,500	4,375	125
Repairs & maintenance (gas sys).....	2,000	2,000	2,050	(50)
Repairs and maintenance.....	105,000	92,820	92,743	77
Miscellaneous materials.....	1,000	1,000	126	874
Bituminous concrete.....	30,000	30,000	30,000	-
Drainage materials.....	10,000	10,647	14,849	(4,202)
Sand & gravel.....	21,750	21,750	22,240	(490)
Lumber.....	7,500	7,500	4,434	3,066
Pavement treatments.....	319,000	330,538	330,538	-
Safety & protective.....	13,000	13,000	13,550	(550)
Land damage.....	700	700	671	29
Sidewalk repairs.....	60,000	60,669	66,767	(6,098)
Street signs.....	8,500	8,500	8,192	308
Tree trimming.....	15,000	1,309	800	509
Tree removal.....	15,000	15,000	15,995	(995)
Clothing allowance.....	9,600	9,600	9,417	183
Training & education.....	3,500	3,500	3,605	(105)
Highway equipment.....	12,250	32,080	30,112	1,968
Road maintenance.....	10,000	6,815	6,163	652
Material disposal.....	10,000	1,000	1,000	-
Cemetery upkeep.....	3,000	3,000	1,395	1,605
Catch basin cleaning dep mndt.....	17,000	17,000	17,000	-
Garage diagnostic equip & tool.....	4,000	4,000	3,862	138
Tree mgmt plan/tree planting.....	5,000	2,357		2,357
Snow removal labor.....	120,000	145,871	149,333	(3,462)
Materials.....	12,000	12,000	7,591	4,409
Meal allowance.....	4,900	4,900	5,847	(947)
TOTAL HIGHWAY DEPARTMENT.....	2,093,965	2,113,795	2,111,658	2,137

(Continued)

TOWN OF STONINGTON, CONNECTICUT
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
SANITATION AND WASTE REMOVAL				
Sal. of recycling/sol wst mgr.....	\$ 73,862	\$ 73,862	\$ 73,863	\$ (1)
General labor.....	321,098	321,098	311,164	9,934
Clerical salaries.....	37,706	37,706	37,758	(52)
Postage.....	3,000	3,000	3,000	-
Advertising.....	2,500	2,500	522	1,978
Consumable supplies.....	700	1,200	1,162	38
Reproduction & printing.....	2,000	2,000		2,000
Equipment.....	200	200		200
Prof assoc. & publications.....	300	300	40	260
Clothing allowance.....	3,150	3,150	3,100	50
Training & education.....	1	1		1
Unleaded gasoline.....	5,000	5,000	3,946	1,054
Diesel fuel.....	7,500	7,500	6,706	794
Road maintenance.....	5,000	5,000	2,889	2,111
Utilities.....	6,500	6,500	4,362	2,138
General operations.....	65,000	116,500	97,680	18,820
Parts & labor.....	25,000	34,000	25,962	8,038
Leased property.....	1	1		1
Grading & seeding.....	1,000	1,000	246	754
Water testing & monitoring.....	30,000	30,000	23,863	6,137
Cap maintenance.....	8,000	8,000		8,000
Disposal fees (SCRRA).....	780,000	719,000	702,553	16,447
Residential collection (SCRRA).....	483,400	483,400	464,956	18,444
Comm coll & rentals (SCRRA).....	710,000	710,000	637,950	72,050
SCRRA consulting.....	1	1		1
SCRRA contribution.....	1	1		1
Diesel fuel (SCRRA transport).....	22,000	22,000	13,212	8,788
Repairs & maint (SCRRA trans).....	17,000	17,000	14,844	2,156
SCRRA receptacle costs.....	110,000	110,000	93,015	16,985
Furniture & equipment.....	1	1		1
TOTAL SANITATION AND WASTE REMOVAL.....	2,719,921	2,719,921	2,522,793	197,128
ENGINEERING SERVICES				
Town engineer.....	77,852	77,852	77,852	-
Clerical salaries.....	21,620	21,685	21,685	-
Professional services.....	8,000	8,000	9,835	(1,835)
Phase II stormwater req.....	1,000	1,000	1,278	(278)
Expenses.....	3,500	3,500	3,323	177
Prof serv engineering review.....	2,000	2,000		2,000
TOTAL ENGINEERING SERVICES.....	113,972	114,037	113,973	64
OPERATION & MAINTENANCE TOWN BLD/PROP				
Janitorial/maintenance salary.....	50,536	50,536	49,904	632
Miscellaneous.....	2,000	2,000	1,796	204
Heating oil.....	65,150	65,150	50,075	15,075
Electricity.....	143,950	143,950	135,163	8,787
Water.....	4,801	4,801	4,242	559
Sewer use.....	3,490	3,490	1,548	1,942
General maintenance.....	141,250	161,167	149,757	11,410
Street lighting.....	242,000	242,000	237,665	4,335
TOTAL OPERATION & MAINTENANCE TOWN BLD/PROP.....	653,177	673,094	630,150	42,944

(Continued)

TOWN OF STONINGTON, CONNECTICUT
 GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
BUILDING OFFICIAL				
Building official.....	\$ 74,312	\$ 74,312	\$ 74,312	\$ -
Clerical salaries.....	21,620	21,682	21,682	-
Postage.....	750	750	750	-
Consumable supplies.....	700	573	265	308
Reproduction & printing.....	1,000	1,000	749	251
Telephone.....	575	575	89	486
Equipment.....	4,000	4,000	3,049	951
Prof assoc. & publications.....	2,000	2,000	498	1,502
Clothing allowance.....	400	400	400	-
Training & education.....	500	500		500
Furniture & equipment.....	1	1		1
Technical assistance.....	1,000	1,000		1,000
TOTAL BUILDING OFFICIAL.....	106,858	106,793	101,794	4,999
WATER POLLUTION CONTROL AUTHORITY				
Clerical salaries.....	65,600	65,600	65,146	454
Postage.....	5,500	5,500	5,472	28
Advertising.....	1	1		1
Consumable supplies.....	2,500	2,500	2,162	338
Reproduction & printing.....	2,500	2,500	900	1,600
Telephone.....	100	100	57	43
Equipment.....	5,000	5,000	4,026	974
Furniture & equipment.....	1	1		1
TOTAL WATER POLLUTION CONTROL AUTHORITY.....	81,202	81,202	77,763	3,439
TOTAL DEPARTMENT OF PUBLIC WORKS.....	5,769,095	5,808,842	5,558,131	250,711
POLICE DEPARTMENT				
POLICE SERVICES				
Salary of chief.....	97,651	97,651	97,651	-
Salary of captain.....	91,815	91,815	91,815	-
Salary of lieutenants.....	159,256	159,256	163,356	(4,100)
Salary of sergeants.....	430,841	430,841	434,332	(3,491)
Salary of regular officers.....	1,647,776	1,647,776	1,598,938	48,838
Janitorial/maintenance salary.....	67,267	67,267	66,518	749
Boating safety personnel.....	12,000	12,000	7,669	4,331
Training personnel services.....	70,000	70,000	57,838	12,162
Communications specialist.....	359,561	359,561	356,276	3,285
Communications specialist overtime.....	18,000	18,000	14,605	3,395
Communications specialist uniforms.....	3,600	3,600	3,150	450
Community service officers.....	19,000	19,000	16,384	2,616
Special officers.....	12,500	12,500	11,063	1,437
Police commission clerical.....	4,500	4,500	1,500	3,000
School crossing guards.....	44,153	44,153	39,283	4,870
Animal control salaries.....	50,094	50,094	52,038	(1,944)
Clerical salaries.....	113,731	113,731	113,595	136
Regular overtime.....	130,000	130,000	127,516	2,484
Postage.....	3,200	3,200	1,905	1,295
Advertising.....	1,200	1,200	1,279	(79)
Consumable supplies.....	16,000	16,000	15,313	687
Reproduction & printing.....	5,000	5,000	4,731	269
Equipment.....	12,000	12,000	10,354	1,646
Prof assoc. & publications.....	1,500	1,500	1,594	(94)
Miscellaneous.....	7,000	7,000	6,390	610
Canine program.....	1,500	1,500	1,228	272
Furniture & equipment.....	3,000	3,000	2,975	25
Telecommunications.....	89,000	89,000	88,277	723
Retirement fund.....	476,000	476,000	474,968	1,032
Physicals.....	5,500	5,500	1,689	3,811
Educational incentive.....	6,000	6,000	613	5,387
Regular officers.....	24,000	24,000	22,155	1,845
Special officers.....	1,000	1,000	285	715

(Continued)

SCHEDULE 2

(10 of 12)

TOWN OF STONINGTON, CONNECTICUT
 GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
POLICE SERVICES (CONTINUED)				
Outfitting new officers.....	\$ 5,000	\$ 5,000	\$ 5,259	\$ (259)
Service officer's equipment.....	1,500	1,500	271	1,229
Boating safety expenses.....	8,500	8,500	6,605	1,895
Building maintenance.....	19,000	19,000	25,592	(6,592)
Maintenance/operations/radios.....	6,500	6,500	5,413	1,087
Traffic signs & signals.....	40,000	40,000	37,702	2,298
Law enforcement council.....	11,248	11,248	11,239	9
Drug program.....	5,500	5,500	5,071	429
Paid holidays.....	110,474	110,474	107,751	2,723
Postage.....	180	180	101	79
Advertising.....	1,000	1,000		1,000
Consumable supplies.....	300	300	20	280
Miscellaneous.....	750	750	683	67
Consumable supplies.....	5,500	5,500	6,724	(1,224)
Miscellaneous.....	1,000	1,000	161	839
Training.....	14,000	14,000	10,419	3,581
Telephone.....	600	600	504	96
Clothing allowance.....	1,000	1,000	854	146
Equipment (emergency vehicles).....	6,000	6,000	5,412	588
Unleaded gasoline.....	80,000	80,000	85,788	(5,788)
Oil & lubrication.....	3,000	3,000	1,068	1,932
Parts & labor.....	38,000	38,000	27,621	10,379
Tires.....	6,500	6,500	6,493	7
TOTAL POLICE SERVICES.....	4,349,197	4,349,197	4,238,034	111,163
DEPARTMENT OF HUMAN SERVICES				
OFFICE OF HUMAN SERVICES				
Human services director.....	75,553	75,553	75,553	-
Social services administrator.....	58,881	58,881	58,881	-
Youth & family serv. adm.....	54,347	54,347	54,347	-
Human services program coor.....	32,830	32,830	32,481	349
Youth services program coor.....	26,885	26,885	26,885	-
Counseling services.....	36,935	36,935	23,645	13,290
Clerical salaries.....	57,209	57,209	57,209	-
Postage.....	1,500	1,500	1,423	77
Consumable supplies.....	2,500	2,500	2,500	-
Telephone.....	3,500	3,500	1,634	1,866
Equipment.....	3,700	3,700	6,127	(2,427)
Reproduction & printing.....	3,750	3,750	3,750	-
Prof assoc. & publications.....	1,500	1,500	939	561
Youth & family svcs prog exp.....	7,800	7,800	7,800	-
General assistance.....	30,000	30,000	29,920	80
Community safety program.....	1	1		1
Miscellaneous.....	500	500	500	-
Furniture & equipment.....	1,700	1,700	2,515	(815)
Training & education.....	1,000	1,000	185	815
TOTAL OFFICE OF HUMAN SERVICES.....	400,091	400,091	386,294	13,797
COMMISSION ON AGING				
Postage.....	2,500	2,500	1,835	665
Reproduction & printing.....	1,100	1,100	1,100	-
Program expense.....	2,200	2,200	2,380	(180)
TOTAL COMMISSION ON AGING.....	5,800	5,800	5,315	485

(Continued)

TOWN OF STONINGTON, CONNECTICUT
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
RECREATION				
Salary of director.....	\$ 48,433	\$ 48,433	\$ 48,432	\$ 1
Other salaries.....	17,007	17,007	15,933	1,074
Consumable supplies.....	2,550	2,550	2,550	-
Telephone.....	600	600	559	41
Program expense.....	4,200	4,200	4,620	(420)
Equipment & trophies.....	1,600	1,600	1,596	4
Parts & labor.....	8,750	8,750	7,756	994
Utilities.....	1,500	1,500	2,245	(745)
Officials & instructors.....	10,094	10,094	11,166	(1,072)
Professional assoc / training	900	900	777	123
TOTAL RECREATION.....	95,634	95,634	95,634	-
HOUSING AUTHORITY				
Clerical salaries.....	600	600	450	150
LIBRARIES				
Westerly public library.....	86,810	86,810	86,810	-
Stonington free library.....	115,000	115,000	115,000	-
Mystic & Noank library.....	65,000	65,000	65,000	-
Stonington historical society.....	3,000	3,000	3,000	-
TOTAL LIBRARIES.....	269,810	269,810	269,810	-
OUTSIDE AGENCIES				
Public health & nursing.....	23,028	23,028	23,028	-
Pawcatuck neighborhood center.....	98,000	98,000	98,000	-
Como senior citizens center.....	40,501	40,501	40,501	-
Mystic area shelter & hosp.....	4,000	4,000	4,000	-
Westerly area rest and meals.....	6,000	6,000	6,000	-
Westerly adult day services.....	7,500	7,500	7,500	-
Big Brothers/Big Sisters.....	1,500	1,500		1,500
Community vocational services.....	1,500	1,500	1,500	-
T.V.C.C.A.....	1,000	1,000	1,000	-
Stonington prevention council.....	500	500	500	-
New London homeless hospitality.....	1,500	1,500	1,500	-
TOTAL OUTSIDE AGENCIES.....	185,029	185,029	183,529	1,500
TOTAL DEPARTMENT OF HUMAN SERVICES.....	956,964	956,964	941,032	15,932
BOARD OF EDUCATION				
Education expenditures.....	31,395,910	31,395,910	31,076,695	319,215
ARRA gov serv teacher salary.....			104,510	(104,510)
ARRA ed grants teacher salary.....			189,552	(189,552)
TOTAL EDUCATION.....	31,395,910	31,395,910	31,370,757	25,153

(Continued)

TOWN OF STONINGTON, CONNECTICUT
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONCLUDED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
OTHER FINANCING USES:				
Transfers out:				
Capital nonrecurring.....	\$ 659,535	\$ 729,535	\$ 729,535	\$ -
Sewer usage fund.....	330,000	330,000	330,000	-
Miscellaneous fund.....	78,928	78,928	78,928	-
Dog license fund.....	3,500	3,500	3,500	-
Recreation commission fund.....	1,000	1,000	1,000	-
TOTAL OTHER FINANCING USES.....	1,072,963	1,142,963	1,142,963	-
GRAND TOTAL - EXPENDITURES AND OTHER FINANCING USES.....	\$ 54,760,546	\$ 55,154,826	\$ 54,490,956	\$ 663,870

(Concluded)

TOWN OF STONINGTON, CONNECTICUT

REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2011

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2010	CURRENT LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE AND OTHER ADJUSTMENTS	ADJUSTED AMOUNT COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2011
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST AND LIENS	TOTAL	
1994	\$ 57	\$	\$	\$ 57	\$	\$	\$	\$	\$ -	\$ -
1995	43				124	167	124	306	430	43
1996	275				197	472	198	470	668	274
1997	279				140	419	140	309	449	279
1998	566					566	58	106	164	508
1999	2,592				290	2,882	358	726	1,084	2,524
2000	2,673				213	2,886	281	508	789	2,605
2001	2,806				351	3,157	423	697	1,120	2,734
2002	4,458				184	4,642	1,888	1,889	3,777	2,754
2003	5,047				140	5,187	1,478	1,710	3,188	3,709
2004	4,387		327	243	1,127	5,598	1,561	1,481	3,042	4,037
2005	6,603		329	261	564	7,235	1,186	1,306	2,492	6,049
2006	17,225		797	423	1,299	18,898	4,324	3,421	7,745	14,574
2007	132,592		11,571	100,348	(2,045)	41,770	2,217	20,862	23,079	39,553
2008	628,039		11,037	160,876	(9,801)	468,399	333,741	95,480	429,221	134,658
TOTAL PRIOR YEARS	807,642	-	24,061	262,208	(7,217)	562,278	347,977	129,271	477,248	214,301
2009		48,695,798	40,411	214,680	(9,821)	48,511,708	47,832,323	160,043	47,992,366	679,385
TOTALS	\$ 807,642	\$ 48,695,798	\$ 64,472	\$ 476,888	\$ (17,038)	\$ 49,073,986	\$ 48,180,300	\$ 289,314	\$ 48,469,614	\$ 893,686

Nonmajor Governmental Funds

Special Revenue Funds

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

Capital Project Funds

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

TOWN OF STONINGTON, CONNECTICUTCOMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS					
	SEWER ASSESSMENT FUND	SHELLFISH FUND	TOWN AID ROAD FUND	DOG LICENSE FUND	SNEFLA RESERVE FUND	YOUTH SERVICE ACTIVITY FUND
<u>ASSETS</u>						
Cash.....	\$ 84,513	\$ 63,807	\$	\$ 4,332	\$ 40,512	\$ 187,982
Investments.....	4,459				83,429	
Receivables:						
Assessments/use charges.....	28,859					
Due from other funds.....			103,347	12,231		1,232
TOTAL ASSETS.....	\$ 117,831	\$ 63,807	\$ 103,347	\$ 16,563	\$ 123,941	\$ 189,214
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable.....	\$	\$ 42	\$ 125	\$ 13,558	\$	\$ 10,397
Due to other funds.....		4,066				8,649
Deferred revenue.....	28,859					
TOTAL LIABILITIES.....	28,859	4,108	125	13,558	-	19,046
FUND BALANCES:						
Restricted.....	88,972		103,222			
Committed.....		59,699			123,941	
Assigned.....				3,005		170,168
TOTAL FUND BALANCES.....	88,972	59,699	103,222	3,005	123,941	170,168
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 117,831	\$ 63,807	\$ 103,347	\$ 16,563	\$ 123,941	\$ 189,214

(Continued)

TOWN OF STONINGTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS					
	COMMUNITY DEVELOPMENT BLOCK GRANT	RECREATION COMMISSION FUND	UNITED WAY EVICTON PREVENTION FUND	SEWER INFILTRATION FUND	SEWER DEVELOPMENT AND MAINTEN- ANCE FUND	STATE ASSETS FORFEITURE PROGRAM
<u>ASSETS</u>						
Cash.....	\$ 19,075	\$ 162,321	\$	\$ 30,801	\$ 3,986	\$ 3,639
Investments.....					505,294	
Receivables:						
Loans.....	224,200					
Due from other funds.....					98,513	
TOTAL ASSETS.....	\$ 243,275	\$ 162,321	\$ -	\$ 30,801	\$ 607,793	\$ 3,639
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable.....	\$	\$ 21,348	\$	\$	\$ 49,109	\$
Due to other funds.....	994	17,494				
Deferred revenue.....	224,200					
Unearned revenue.....	18,081					
TOTAL LIABILITIES.....	243,275	38,842	-	-	49,109	-
FUND BALANCES:						
Restricted.....						3,639
Committed.....				30,801	558,684	
Assigned.....		123,479				
TOTAL FUND BALANCES.....	-	123,479	-	30,801	558,684	3,639
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 243,275	\$ 162,321	\$ -	\$ 30,801	\$ 607,793	\$ 3,639

(Continued)

SCHEDULE 4
(3 of 4)

TOWN OF STONINGTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS				
	FEDERAL ASSETS FORFEITURE PROGRAM	PREPAID EDUCATION GRANTS FUND	DARE PROGRAM	HOT LUNCH PROGRAM	HUMAN SERVICES GRANT
<u>ASSETS</u>					
Cash.....	\$ 2,609	\$ 161,283	\$ 1,344	\$ 101,460	\$
Receivables:					
Intergovernmental.....				45,805	
Due from other funds.....					29,069
TOTAL ASSETS.....	<u>\$ 2,609</u>	<u>\$ 161,283</u>	<u>\$ 1,344</u>	<u>\$ 147,265</u>	<u>\$ 29,069</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable.....	\$	\$ 9,281	\$	\$	\$ 1,177
Due to other funds.....		102,552			
Unearned revenue.....		49,450			23,367
TOTAL LIABILITIES.....	<u>-</u>	<u>161,283</u>	<u>-</u>	<u>-</u>	<u>24,544</u>
FUND BALANCES:					
Restricted.....	2,609			147,265	4,525
Assigned.....			1,344		
TOTAL FUND BALANCES.....	<u>2,609</u>	<u>-</u>	<u>1,344</u>	<u>147,265</u>	<u>4,525</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 2,609</u>	<u>\$ 161,283</u>	<u>\$ 1,344</u>	<u>\$ 147,265</u>	<u>\$ 29,069</u>

(Continued)

SCHEDULE 4
(4 of 4)

TOWN OF STONINGTON, CONNECTICUT
COMBINING BALANCE SHEET (CONCLUDED)
NONMAJOR GOVERNMENTAL FUNDS

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	MISCELLANEOUS	TOTAL	CAPITAL NONRECURRING	
<u>ASSETS</u>				
Cash.....	\$ 10,261	\$ 877,925	\$ 1,203,420	\$ 2,081,345
Investments.....	237,659	830,841	850,024	1,680,865
Receivables:				
Loans.....		224,200		224,200
Assessments/use charges.....		28,859		28,859
Intergovernmental.....		45,805		45,805
Due from other funds.....	67,593	311,985	3,965	315,950
TOTAL ASSETS.....	\$ 315,513	\$ 2,319,615	\$ 2,057,409	\$ 4,377,024
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable.....	\$ 54,365	\$ 159,402	\$ 25,621	\$ 185,023
Due to other funds.....	98,834	232,589		232,589
Deferred revenue.....		253,059		253,059
Unearned revenue.....	19,464	110,362		110,362
TOTAL LIABILITIES.....	172,663	755,412	25,621	781,033
FUND BALANCES:				
Restricted.....		350,232		350,232
Committed.....		773,125	2,031,788	2,804,913
Assigned.....	142,850	440,846		440,846
TOTAL FUND BALANCES.....	142,850	1,564,203	2,031,788	3,595,991
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 315,513	\$ 2,319,615	\$ 2,057,409	\$ 4,377,024

(Concluded)

SCHEDULE 5

(1 of 4)

TOWN OF STONINGTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS					
	SEWER ASSESSMENT FUND	SHELLFISH FUND	TOWN AID ROAD FUND	DOG LICENSE FUND	SNEFLA RESERVE FUND	YOUTH SERVICE ACTIVITY FUND
REVENUES:						
Intergovernmental.....	\$	\$	\$	\$	\$	\$
Charges for services.....	26,197	13,295	149,498	9,416	12,500	74,727
Income from investments.....	117	189			136	474
Other.....				759		13,027
TOTAL REVENUES.....	26,314	13,484	149,498	10,175	12,636	88,228
EXPENDITURES:						
Current:						
General government.....		10,786		6,643		30,559
Public safety.....				8,090		7,427
Highway department.....			145,706			
Recreation.....						18,475
Education.....						23,958
TOTAL EXPENDITURES.....	-	10,786	145,706	14,733	-	80,419
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	26,314	2,698	3,792	(4,558)	12,636	7,809
OTHER FINANCING SOURCES (USES):						
Transfers in.....				3,500		5,463
Transfers out.....	(100,000)					
NET OTHER FINANCING SOURCES (USES).....	(100,000)	-	-	3,500	-	5,463
NET CHANGE IN FUND BALANCES.....	(73,686)	2,698	3,792	(1,058)	12,636	13,272
FUND BALANCES - JULY 1, 2010.....	162,658	57,001	99,430	4,063	111,305	156,896
FUND BALANCES - JUNE 30, 2011.....	\$ 88,972	\$ 59,699	\$ 103,222	\$ 3,005	\$ 123,941	\$ 170,168

(Continued)

SCHEDULE 5

(2 of 4)

TOWN OF STONINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS					
	COMMUNITY DEVELOPMENT BLOCK GRANT	RECREATION COMMISSION FUND	UNITED WAY EVICTION PREVENTION FUND	SEWER INFILTRATION FUND	SEWER DEVELOPMENT AND MAINTEN- ANCE FUND	STATE ASSETS FORFEITURE PROGRAM
REVENUES:						
Charges for services.....	\$ 2,453	\$ 95,383	\$	\$	\$ 102,366	\$
Income from investments.....		331		92	874	
Other.....		2,450				585
TOTAL REVENUES.....	2,453	98,164	-	92	103,240	585
EXPENDITURES:						
Current:						
General government.....	2,453	8,626				
Public safety.....					46,939	585
Recreation.....		111,159				
Capital outlay.....					75,656	
TOTAL EXPENDITURES.....	2,453	119,785	-	-	122,595	585
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	-	(21,621)	-	92	(19,355)	-
OTHER FINANCING SOURCES (USES):						
Transfers in.....		1,000				
Transfers out.....			(3,081)			
NET OTHER FINANCING SOURCES (USES).....	-	1,000	(3,081)	-	-	-
NET CHANGE IN FUND BALANCES.....	-	(20,621)	(3,081)	92	(19,355)	-
FUND BALANCES - JULY 1, 2010.....		144,100	3,081	30,709	578,039	3,639
FUND BALANCES - JUNE 30, 2011.....	\$ -	\$ 123,479	\$ -	\$ 30,801	\$ 558,684	\$ 3,639

(Continued)

TOWN OF STONINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS					
	FEDERAL ASSETS FORFEITURE PROGRAM	PREPAID EDUCATION GRANTS FUND	DARE PROGRAM	HOT LUNCH PROGRAM	STONINGTON SOCIAL SERVICES FUEL BANK	HUMAN SERVICES GRANT
REVENUES:						
Intergovernmental.....	\$	\$ 1,017,313	\$	\$ 312,280	\$	\$ 33,434
Charges for services.....				598,296		1,090
Income from investments.....	1			489		
Other.....	410		100			
TOTAL REVENUES.....	411	1,017,313	100	911,065	-	34,524
EXPENDITURES:						
Current:						
General government.....	1,300					178
Public safety.....						33,434
Education.....		1,017,313		944,389		
TOTAL EXPENDITURES.....	1,300	1,017,313	-	944,389	-	33,612
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(889)	-	100	(33,324)	-	912
OTHER FINANCING SOURCES (USES):						
Transfers out.....					(2,382)	
NET CHANGE IN FUND BALANCES.....	(889)	-	100	(33,324)	(2,382)	912
FUND BALANCES - JULY 1, 2010.....	3,498		1,244	180,589	2,382	3,613
FUND BALANCES - JUNE 30, 2011.....	\$ 2,609	\$ -	\$ 1,344	\$ 147,265	\$ -	\$ 4,525

(Continued)

SCHEDULE 5

(4 of 4)

TOWN OF STONINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONCLUDED)
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS	
	MISCELLANEOUS	TOTAL	DEBT SERVICE FUND	CAPITAL NONRECURRING	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:					
Intergovernmental.....	\$ 181,184	\$ 1,693,709	\$	\$ 9,000	\$ 1,702,709
Charges for services.....		935,723		58,975	994,698
Income from investments.....	734	3,437	552	5,269	9,258
Other.....	1,224	18,555			18,555
TOTAL REVENUES.....	183,142	2,651,424	552	73,244	2,725,220
EXPENDITURES:					
Current:					
General government.....	78,426	138,971			138,971
Public safety.....	14,465	110,940			110,940
Highway department.....	119,348	265,054			265,054
Recreation.....		129,634			129,634
Education.....		1,985,660			1,985,660
Capital outlay.....	82,880	158,536		915,737	1,074,273
TOTAL EXPENDITURES.....	295,119	158,536	-	915,737	3,704,532
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(111,977)	2,492,888	552	(842,493)	(979,312)
OTHER FINANCING SOURCES (USES):					
Transfers in.....	78,928	88,891		729,535	818,426
Transfers out.....	(383,354)	(488,817)	(499,162)		(987,979)
NET OTHER FINANCING SOURCES (USES).....	(304,426)	(399,926)	(499,162)	729,535	(169,553)
NET CHANGE IN FUND BALANCES.....	(416,403)	2,092,962	(498,610)	(112,958)	(1,148,865)
FUND BALANCES - JULY 1, 2010 (AS RESTATED)...	559,253	2,101,500	498,610	2,144,746	4,744,856
FUND BALANCES - JUNE 30, 2011.....	\$ 142,850	\$ 4,194,462	\$ -	\$ 2,031,788	\$ 3,595,991

(Concluded)

Fiduciary Funds

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

Private-Purpose Trust Funds

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

Agency Funds

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

TOWN OF STONINGTON, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE JULY 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2011
<u>ASSETS</u>				
CASH:				
Student activity.....	\$ 308,927	\$ 940,463	\$ 955,795	\$ 293,595
Tax sale escrow.....	12,281	6		12,287
Stonington Harbor management		300		300
BOE flex account.....	42,935	99,299	99,465	42,769
TOTAL CASH.....	364,143	1,040,068	1,055,260	348,951
INVESTMENTS:				
Tax sale escrow.....	79,335	111		79,446
DUE FROM OTHER FUNDS:				
Stonington Harbor management	33,894	8,620	18,792	23,722
Mystic Harbor management.....	10,834	4,125	4,331	10,628
TOTAL DUE FROM OTHER FUNDS.....	44,728	12,745	23,123	34,350
TOTAL ASSETS.....	\$ 488,206	\$ 1,052,924	\$ 1,078,383	\$ 462,747
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
Student activity.....	\$ 308,927	\$ 940,463	\$ 955,795	\$ 293,595
Tax sale escrow.....	91,616	117		91,733
Stonington Harbor management	33,894	8,920	18,792	24,022
Mystic Harbor management.....	10,834	4,125	4,331	10,628
BOE flex account.....	42,935	99,299	99,465	42,769
TOTAL ACCOUNTS PAYABLE.....	\$ 488,206	\$ 1,052,924	\$ 1,078,383	\$ 462,747

Trend Information

TABLE 1

TOWN OF STONINGTON, CONNECTICUTNET ASSETS BY COMPONENT
LAST NINE YEARS
(UNAUDITED)

	FISCAL YEAR								
	2011	2010 (As Restated)	2009	2008	2007	2006	2005	2004	2003
GOVERNMENTAL ACTIVITIES:									
Invested in capital assets, net of related debt.....	\$ 88,872,739	\$ 86,773,619	\$ 83,778,472	\$ 79,816,672	\$ 76,810,058	\$ 40,388,037	\$ 42,545,669	\$ 77,574,571	\$ 59,840,525
Restricted for:									
Public safety.....	6,248								
Highway department.....	103,222								
Sanitation and waste removal.....	88,972								
Human services.....	4,525								
Education.....	147,265								
Unrestricted.....	18,794,839	16,990,964	16,625,138	16,764,899	15,376,694	10,068,986	2,040,008	(4,377,952)	9,903,143
TOTAL NET ASSETS.....	<u>\$ 108,017,810</u>	<u>\$ 103,764,583</u>	<u>\$ 100,403,610</u>	<u>\$ 96,581,571</u>	<u>\$ 92,186,752</u>	<u>\$ 50,457,023</u>	<u>\$ 44,585,677</u>	<u>\$ 73,196,619</u>	<u>\$ 69,743,668</u>

TOWN OF STONINGTON, CONNECTICUT

CHANGES IN NET ASSETS
LAST NINE YEARS
(UNAUDITED)

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES:									
General government.....	\$ 5,760,338	\$ 8,017,134	\$ 7,022,960	\$ 8,237,984	\$ 4,971,379	\$ 5,753,136	\$ 5,255,537	\$ 5,340,934	\$ 4,875,183
Public safety.....	5,315,579	4,169,223	4,478,444	3,800,209	3,870,184	3,856,009	4,025,412	3,796,997	4,059,715
Public works.....	3,643,021	3,083,424	2,537,942	2,777,352	2,122,313	2,501,400	2,187,644	2,190,601	2,870,574
Sanitation and waste removal.....	5,773,771	5,178,102	5,504,529	6,124,733	5,612,727	5,904,320	6,637,167	6,990,304	5,078,077
Health and welfare.....	803,803	343,692	581,805	672,159	658,744	659,279	458,300	563,998	807,174
Library.....	269,810	189,979	450,316	267,159	267,159	249,159	226,659	229,159	250,159
Recreation.....	225,268	183,653	153,603	128,473	128,940	114,811	97,177	91,674	109,160
Education.....	36,114,479	36,917,998	35,561,107	33,693,404	33,495,682	30,644,301	25,659,084	27,305,037	31,114,535
Interest expense.....	907,607	1,439,712	2,191,807	1,770,955	1,544,780	1,913,522	1,212,441	1,087,788	1,856,272
TOTAL EXPENSES.....	58,813,676	59,522,917	58,482,513	57,472,428	52,671,908	51,595,937	45,759,421	47,596,492	51,020,849
PROGRAM REVENUES:									
Charges for services:									
General government.....	741,220	803,809	597,524	968,032	960,447	1,227,325	1,455,818	1,210,692	1,246,672
Public safety.....	98,889	286,534	184,482	60,581	51,057	44,271	61,888	49,878	40,955
Public works.....	204,970	256,784	429,827	2,517,134	2,371,438	2,337,035	1,205,263	2,438,145	2,285,716
Sanitation and waste removal.....	4,384,108	2,189,143	4,313,708	2,426,694	1,807,170	2,035,506	1,592,512	1,524,597	1,930,327
Health and welfare.....	78,270	33,825	21,988	5,747	1,035		10,447	12,822	22,972
Library.....		25,385	5,575						
Recreation.....	103,883	19,328	95,559	124,812	84,924	49,089	15,393	14,650	46,112
Education.....	646,736	2,308,078	678,522	710,631	735,093	714,953	616,829	663,503	694,596
Operating grants and contributions.....	6,795,674	7,386,033	7,086,405	7,019,039	6,590,101	6,155,082	5,375,910	4,383,023	10,239,220
Capital grants and contributions.....	1,560,955	1,937,799	1,228,228	148,937	327,083	1,869,356	916,594	3,798,219	340,296
TOTAL PROGRAM REVENUES.....	14,614,705	15,246,718	14,641,818	13,981,607	12,928,348	14,432,617	11,250,654	14,095,529	16,846,866
NET EXPENSES:									
Governmental activities.....	(44,198,971)	(44,276,199)	(43,840,695)	(43,490,821)	(39,743,560)	(37,163,320)	(34,508,767)	(33,500,963)	(34,173,983)
GENERAL REVENUES:									
Property taxes.....	48,620,326	47,505,735	47,149,126	46,834,683	44,062,398	41,874,197	35,030,427	36,737,170	38,568,533
Investment income.....	196,671	222,137	408,849	962,047	1,289,267	900,590	286,123	215,225	536,448
Miscellaneous.....	18,555	441,549	59,729	100,806	262,618	410,855	139,227	3,800	243,051
Transfers.....	(383,354)								
TOTAL GENERAL REVENUES.....	48,452,198	48,169,421	47,617,704	47,897,536	45,614,283	43,185,642	35,455,777	36,956,195	39,348,032
CHANGE IN NET ASSETS.....	\$ 4,253,227	\$ 3,893,222	\$ 3,777,009	\$ 4,406,715	\$ 5,870,723	\$ 6,022,322	\$ 947,010	\$ 3,455,232	\$ 5,174,049

TABLE 3

TOWN OF STONINGTON, CONNECTICUTSCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Total tax collections (including interest and lien fees) for current year.....	\$ 48,469,614
Total tax collections (including interest and lien fees of city, borough and all other taxing districts within the Town) for the current year.....	3,893,885
Reimbursement for revenue loss on: Tax relief for elderly freeze.....	8,984
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 52,372,483</u>

DEBT LIMITATION:	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
2 1/4 times base.....	\$ 117,838,086	\$	\$	\$	\$
4 1/2 times base.....		235,676,173			
3 3/4 times base.....			196,396,811		
3 1/4 times base.....				170,210,569	
3 times base.....					157,117,449
TOTAL DEBT LIMITATION.....	<u>117,838,086</u>	<u>235,676,173</u>	<u>196,396,811</u>	<u>170,210,569</u>	<u>157,117,449</u>
INDEBTEDNESS:					
Bonds payable.....	4,019,700	23,975,300	2,245,000		
Fire District Debt.....	3,751,631				
Authorized and unissued.....			18,325,000		
NET INDEBTEDNESS (1).....	<u>7,771,331</u>	<u>23,975,300</u>	<u>20,570,000</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	<u>\$ 110,066,755</u>	<u>\$ 211,700,873</u>	<u>\$ 175,826,811</u>	<u>\$ 170,210,569</u>	<u>\$ 157,117,449</u>

NOTES:

(1) The total of the above net indebtedness amounts to:

\$ 52,316,631

In no event shall total indebtedness exceed seven times the base for debt limitation computation:

\$ 366,607,380

**Federal
Single
Audit**

TOWN OF STONINGTON, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State Department of Education:			
School Lunch - Cluster:			
School Breakfast Program.....	10.553	12060-20508-82079-170005	\$ 40,186
National School Lunch Program- Cash.....	10.555	12060-20560-80279-170005	185,320
National School Lunch Program- Commodities.....	10.555	12060-20560-80279-170006	52,795
Special Milk Program for Children.....	10.556	12060-20500-82079-170005	1,571
Summer Food Service Program for Children.....	10.559	12060-22051-82079-170005	17,985
Total School Lunch - Cluster.....			297,857
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through State Department of Economic and Community Development:			
Economic Development Initiative Program.....	14.251		94,608
U.S. DEPARTMENT OF JUSTICE			
Passed through State Department of Policy and Management			
ARRA - Justice Assistance Grant.....	16.738		7,500
Bulletproof Vest Partnership Program.....	16.607		9,000
TOTAL U.S. DEPARTMENT OF JUSTICE.....			16,500
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through State Department of Transportation:			
Highway - Cluster:			
Highway Planning and Construction.....	20.205	12602-DOT 57151-22108	533,467
ARRA - Highway Planning and Construction.....	20.205	12602-DOT 57151-29017	523,866
Total Highway - Cluster.....			1,057,333
Alcohol Open Container.....	20.607		2,816
Occupant Protection.....	20.602		11,551
TOTAL U.S. DEPARTMENT OF TRANSPORTATION.....			1,071,700
U.S. DEPARTMENT OF EDUCATION			
Passed through State Department of Education:			
Title I - Cluster:			
Title I Grants to Local Educational Agencies.....	84.010	12060-20679-82070-2010-170002-SDE00005	13,556
Title I Grants to Local Educational Agencies.....	84.010	12060-20679-82070-2011-170002-SDE00005	91,735
Total - Title I Grants to Local Educational Agencies.....	84.010	12060-9010-82070-2009-170002	105,291
ARRA - Title I Grants to Local Educational Agencies.....	84.389	12060-9010-82070-2009-170002	28,698
Total Title I - Cluster.....			133,989
Special Education - Cluster:			
Special Education - Grants to States (IDEA, Part B).....	84.027	12060-20977-82032-2011-170002	455,397
Special Education - Grants to States (IDEA, Part B).....	84.027	12060-20977-82032-2010-170002	22,124
Total Special Education - Grants to States (IDEA, Part B).....	84.027		477,521
Special Education - Preschool Grants (IDEA Preschool).....	84.173	12060-20983-82032-2011-170002	12,665
ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act.....	84.391	12060-29011-82032-2009-170002	260,021
ARRA - Special Education - Preschool Grants (IDEA Preschool), Recovery Act.....	84.392	12060-29012-82032-2009-170002	10,782
Total Special Education - Cluster.....			760,989
Career and Technical Education - Basic Grants to States.....	84.048	12060-20742-84010-2011-170002	21,832
Safe and Drug-Free Schools and Communities - State Grants.....	84.186	12060-20873-84131-2010-170002	3,603
ARRA - Education Technology State Grants.....	84.386	12060-29063-82079-2009-170002	350
Improving Teacher Quality State Grants.....	84.367	12060-20858-84131-2011-170002	58,399
Improving Teacher Quality State Grants.....	84.367	12060-20858-84131-2010-170002	9,041
Total Improving Teacher Quality State Grants.....	84.367		67,440

(Continued)

See notes to Schedule of Expenditures of Federal Awards

TOWN OF STONINGTON, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION (CONTINUED)</u>			
State Fiscal Stabilization Fund (SFSF) - Cluster:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act.....	84.394	12060-29053-2011-82010-170002	\$ 189,552
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act.....	84.397	12060-29054-2009-82016-170002	<u>104,510</u>
Total State Fiscal Stabilization (SFSF) - Cluster.....			<u>294,062</u>
TOTAL U.S. DEPARTMENT OF EDUCATION.....			<u>1,282,265</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through State Emergency Management & Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters).....	97.036		119,348
Passed through State of Connecticut Military Department:			
Emergency Management Performance Grants.....	97.042	1260-EHS99660-21881	<u>8,131</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			<u>127,479</u>
TOTAL FEDERAL AWARDS.....			<u>\$ 2,890,409</u>
			(Concluded)

TOWN OF STONINGTON, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2011

1. SIGNIFICANT ACCOUNTING POLICY

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

Basis of Presentation

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

2. NONCASH FEDERAL AWARDS

The Town received and expended \$52,795 of USDA donated commodities under the National School Lunch Program.

TOWN OF STONINGTON, CONNECTICUT

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary Schedule of Prior Year Audit Findings

- There were no prior year audit findings or questioned costs.

TOWN OF STONINGTON, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified yes x no

Significant deficiency(ies) identified? yes x none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

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

Identification of major programs:

CFDA NUMBER	NAME OF FEDERAL PROGRAM
-------------	-------------------------

20.205	Highway Cluster
84.027/84.173/84.391/84.392	Special Education Cluster

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

Auditee qualified as low-risk auditee? x yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Finance
Town of Stonington, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 29, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Town of Stonington, Connecticut
Page Two

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town in a separate letter dated December 29, 2011.

This report is intended solely for the information and use of management, the Board of Finance, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



New London, Connecticut
December 29, 2011

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Finance
Town of Stonington, Connecticut

Compliance

We have audited the Town of Stonington, Connecticut's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2011. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

Town of Stonington, Connecticut

Page Two

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Finance, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

J. H. Cohn, LLP

New London, Connecticut
December 29, 2011

**State
Single
Audit**

TOWN OF STONINGTON, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE-CT NUMBER	EXPENDITURES
DEPARTMENT OF EDUCATION:		
Adult Education.....	11000-SDE64000-17030	\$ 16,473
Health Services.....	11000-SDE64000-17034	9,042
Youth Services Bureau.....	11000-SDE64000-17052	19,284
Magnet Schools.....	11000-SDE64000-17057	41,600
Youth Services Enhancement Grant.....	11000-SDE64000-16201	7,731
Child Nutrition State Matching Grant.....	11000-SDE64000-16211	10,193
Healthy Foods Initiative.....	11000-SDE64370-16212	22,214
DEPARTMENT OF TRANSPORTATION:		
Town Aid Road Grants Transportation Fund.....	12052-DOT57000-43455	39,866
Town Aid Road Grants Transportation Fund.....	13033-DOT57000-43459	109,632
DEPARTMENT OF ENVIROMENTAL PROTECTION:		
Small Town Economic Assistance Program (STEAP).....	12052-DEP43153-45031	107,692
Pawcatuck Dock.....	12052-DEP43750-43159	14,314
OFFICE OF POLICY AND MANAGEMENT:		
Property Tax Relief for Disabled.....	11000-OPM20600-17011	1,591
Property Tax Relief for Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018	121,850
Property Tax Relief for Elderly Homeowners - Freeze Program.....	11000-OPM20600-17021	8,984
Property Tax Relief for Veterans.....	11000-OPM20600-17024	16,053
Property Tax Relief for Manufacturing Machinery Equipment and Commercial Vehicles.....	11000-OPM20600-17031	80,628
STATE COMPTROLLER:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property.....	11000-OSC15910-17004	21,107
Boat Grant.....	12027-OSC15910-40211	68,922
DEPARTMENT OF PUBLIC SAFETY:		
Telecommunications Fund.....	12060-DPS32740-35190	36,969
CONNECTICUT STATE LIBRARY:		
Historic Documents Preservation Program.....	12060-CSL66091-35150	<u>3,000</u>
TOTAL STATE ASSISTANCE BEFORE EXEMPT PROGRAMS.....		<u>757,145</u>
<u>EXEMPT PROGRAMS:</u>		
DEPARTMENT OF EDUCATION:		
Transportation of School Children.....	11000-SDE64000-17027	34,142
Education Cost Sharing.....	11000-SDE64000-17041	1,747,912
Excess Cost - Student Based.....	11000-SDE64000-17047	670,606
Nonpublic School Transportation.....	11000-SDE64000-17049	3,056
STATE COMPTROLLER:		
Mashantucket Pequot/Mohegan Fund.....	12009-OSC15910-17005	<u>34,001</u>
TOTAL EXEMPT PROGRAMS.....		<u>2,489,717</u>
GRAND TOTAL STATE FINANCIAL ASSISTANCE.....		<u>\$ 3,246,862</u>

See notes to Schedule of Expenditures of State Financial Assistance

TOWN OF STONINGTON, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2011

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Stonington through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, education, public safety, public works, sanitation, and social services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the modified accrual basis of accounting and a current financial resources measurement focus.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

2. LOAN PROGRAM

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2011.

DEPARTMENT OF ENVIRONMENTAL PROTECTION:

Clean Water Funds 21014-OTT14230-4001:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance July 1, 2010</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
1991	2.0%	\$ 2,517,660	\$ 125,882	\$ 125,882	\$ -
1998	2.0%	1,563,519	526,081	75,156	450,925
06/30/00	2.0%	1,148,280	519,984	69,946	450,038
			<u>\$ 1,171,947</u>	<u>\$ 270,984</u>	<u>\$ 900,963</u>

TOWN OF STONINGTON, CONNECTICUT

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

There were no prior year audit findings or questioned costs.

TOWN OF STONINGTON, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes x no

State Financial Assistance

Internal control over major programs:

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

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Section
4-236-24 of the Regulations of the
State Single Audit Act? yes x no

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

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

State Grantor and Program	Core-CT Number	Expenditures
<u>OFFICE OF POLICY AND MANAGEMENT:</u>		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	\$ 121,850
<u>DEPARTMENT OF ENVIROMENTAL PROTECTION:</u>		
Small Town Economic Assistance Program (STEAP)	12052-DEP43153-45031	\$ 107,692
<u>DEPARTMENT OF TRANSPORTATION:</u>		
Town Aid Road Grants Transportation Fund	13033-DOT57000-43459	\$ 109,632
Town Aid Road Grants Transportation Fund	12052-DOT57000-43455	\$ 39,866

TOWN OF STONINGTON, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

II. FINANCIAL STATEMENT FINDINGS

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

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Finance
Town of Stonington, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 29, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Town of Stonington, Connecticut
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Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town in a separate letter dated December 29, 2011.

This report is intended solely for the information and use of management, the Board of Finance, others within the entity, Office of Policy and Management, State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

J. H. Cohn, LLP

New London, Connecticut
December 29, 2011

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT

Board of Finance
Town of Stonington, Connecticut

Compliance

We have audited the Town of Stonington, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management Compliance Supplement that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2011. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs.

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

Internal Control Over Compliance (Continued)

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

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

This report is intended solely for the information and use of management, the Board of Finance, others within the entity, Office of Policy and Management, State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "J. H. Cohn, LLP". The signature is written in a cursive, flowing style.

New London, Connecticut
December 29, 2011