

**ANNUAL FINANCIAL REPORT OF THE
TOWN OF STONINGTON, CONNECTICUT
YEAR ENDED JUNE 30, 2012**

TOWN OF STONINGTON, CONNECTICUT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

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Introductory Section

TOWN OF STONINGTON, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS JUNE 30, 2012

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

Maryanna Stevens CPA, Director of Finance
Martha Brown Booker, Treasurer
Judith Samoker, School Finance Manager
Marsha Standish, Assessor
Gisela Harna, Tax Collector
Dr. Van W. Riley, 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

CohnReznick LLP

Financial Section

INDEPENDENT AUDITORS' REPORT

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, 2012, 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, 2012, 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 28, 2012, 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 Systems and Other Post Employment Benefits Plan on Pages 4 through 12 and Pages 57 and 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stonington, Connecticut's financial statements as a whole. The introductory section, supplemental schedules and trend information are presented for purposes of additional analysis and are not a required part of the 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 States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Act and are also not a required part of the financial statements. The supplemental schedules, the schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole. The introductory section and trend information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

CohnReznick LLP

New London, Connecticut
December 28, 2012



TOWN OF STONINGTON

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

Management's Discussion and Analysis June 30, 2012

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, 2012. 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 \$111,824,860 (net assets).
- ♦ The Town's total net assets increased by \$3,807,050. Factors leading to this increase include favorable operations in the Town's internal service fund 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 \$28,121,889, an increase of \$12,110,054 in comparison with the prior year.
- ♦ At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,141,729, or 22% of total general fund budgetary expenditures and transfers.
- ♦ The Town of Stonington's total long-term debt increased by \$8,478,501 during the current fiscal year. The key factor for this increase was the issuance of \$12,000,000 of new bonds for the Wastewater Treatment Facility during the year. The Town also refunded \$17,320,000 General Obligation 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 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 and education.

Fund financial statements

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

Governmental funds

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

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

Governmental funds (continued)

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

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

Proprietary funds

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

Fiduciary funds

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

Notes to 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**

	2012	2011
Current and other assets	\$ 38,655,768	\$ 25,969,022
Capital assets (net)	119,687,875	120,013,702
Total assets	158,343,643	145,982,724
Current liabilities	7,135,439	7,628,469
Long-term liabilities	39,383,344	30,336,445
Total liabilities	46,518,783	37,964,914
Net assets:		
Invested in capital assets, net of related debt	89,588,921	88,872,739
Restricted	435,005	350,232
Unrestricted	21,800,934	18,794,839
Total net assets	\$ 111,824,860	\$ 108,017,810

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 \$111,824,860 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets (80.1%) reflects its investment in capital assets (e.g., land, construction in progress, land and building improvements, buildings, machinery, equipment, infrastructure and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the Town's net assets, 0.4%, represents resources that are subject to external restrictions on how they may be used.

The remaining balance, or 19.5%, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

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

Governmental activities**TOWN OF STONINGTON, CONNECTICUT
STATEMENTS OF CHANGES IN NET ASSETS**

	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 5,831,491	\$ 6,258,076
Operating grants and contributions	7,436,627	6,795,674
Capital grants and contributions	425,334	1,560,955
General revenues:		
Property taxes	49,810,644	48,620,326
Investment income	167,948	196,671
Miscellaneous	56,273	18,555
Total revenues	63,728,317	63,450,257
Expenses and transfers:		
General government	5,853,817	5,760,338
Public safety	5,581,519	5,315,579
Highway department	3,511,527	3,643,021
Sanitation and waste removal	5,326,217	5,773,771
Health and welfare	777,536	803,803
Library	269,810	269,810
Recreation	297,402	225,268
Education	37,414,978	36,114,479
Interest on long-term debt	888,461	907,607
Transfers		383,354
Total expenses and transfers	59,921,267	59,197,030
Increase in net assets	3,807,050	4,253,227
Net assets - July 1	108,017,810	103,764,583
Net assets - June 30	\$ 111,824,860	\$ 108,017,810

For governmental activities, approximately 78.16% of revenues were derived from property taxes, followed by grants and contributions 12.34%, charges for services 9.15% and investment earnings/miscellaneous 0.35%.

Major revenue factors included:

- ♦ Property tax revenues recorded during the fiscal year reflect an increase of 2.4% due to the increase in the mill rate of 1.3% from 15.43 in 2010-11 to 15.63 in 2011-12.

Governmental activities (continued)

For governmental activities, approximately 62.4% of the Town's expenditures relates to education, followed by 9.8% to general government, 9.3% to public safety, 8.9% to sanitation and waste removal, 5.9% to highway department, 1.5% to interest on long-term debt, 1.3% to health and welfare, 0.5% to recreation and 0.4% to library.

- ♦ Education expenditures in the general fund increased by 3.6% from \$36.1 million to \$37.4 million due to an increase in the appropriation during the budget process as well as increase in Federal grants.
- ♦ Sanitation and waste removal decreased by 7.8% from \$5.7 million to \$5.3 million due to a renegotiation of the Town's contract with the commercial hauler which decreased the fee paid by the Town for commercial trash pickup.

Financial Analysis of the Town's Funds

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

Governmental funds

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

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

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

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

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

Unassigned fund balance - amounts available for any purpose.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$28,121,889, an increase of \$12,110,054 in comparison with the prior year. \$12,135,997, or 43.1%, of this total amount constitutes unassigned fund balance.

Governmental funds (continued)

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

1. Restricted due to grant restrictions or legal requirements (\$435,005).
2. Committed for Capital Projects, Sewer Assessments, Sewer Usage (\$11,995,333).
3. Assigned for subsequent year's budget, encumbrances or specific purposes (\$3,555,554).

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12,141,729, while total fund balance reached \$14,146,875. 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 22.1% of total general fund budgetary expenditures and transfers, while total fund balance represents 25.7% of that same amount.

During the current fiscal year, the fund balance of the Town's general fund increased by \$1,422,530. Key factors in this growth are as follows:

- ♦ Actual revenue increased by approximately \$275,000.
- ♦ Actual general fund expenditures were less than budgeted by approximately \$300,000.
- ♦ The Board of Finance approved a carry forward appropriation in the amount of \$900,000 to the Highway Pavement treatment account.

The Bonded Capital Projects Fund had an increase of \$10,285,716 in its fund balance due to bond proceeds of \$12,000,000 received in the current fiscal year.

Proprietary fund

The Internal Service Fund is the Town's only proprietary fund. Unrestricted net assets in the fund at year end were \$3,829,679, an increase of \$690,747 from the prior year

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$19,500. The difference between the original budget and the final budget is due to additional appropriation approved by the Board of Finance:

- ♦ Resurfacing of Tennis courts - \$19,500

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$119,687,875 (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)

	2012	2011
Land	\$ 11,028,391	\$ 11,028,391
Construction in progress	4,943,899	3,874,193
Land and building improvements	8,018,481	8,292,073
Buildings	38,784,146	40,063,767
Machinery and equipment	1,884,217	1,854,917
Infrastructure	54,449,006	54,336,453
Vehicles	579,735	563,908
Total	<u>\$ 119,687,875</u>	<u>\$ 120,013,702</u>

The capital assets (net of depreciation) decreased in the current year by \$325,827. The decrease is related to the current year depreciation exceeding current year additions. In the current year, the Town had capital asset additions totaling \$3,958,578. The additions consisted mainly of the following items:

- ♦ Wastewater Treatment Facility - \$1,714,284
- ♦ The Pawcatuck River Park being placed in service from CIP - \$810,849
- ♦ Chlorination System Improvements - \$232,083
- ♦ Multiple vehicle purchases - \$282,034
- ♦ Multiple road paving and sidewalk projects - \$630,726

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 \$39,619,464. All debt is backed by the full faith and credit of the Town.

TOWN OF STONINGTON, CONNECTICUT OUTSTANDING DEBT

	2012	2011
General obligation bonds and loans	<u>\$ 39,619,464</u>	<u>\$ 31,140,963</u>

During the current fiscal year, the Town's total long-term debt increased by \$8,478,501. The key factor for this increase was the issuance of new bonds of \$12,000,000 less principal payments on current debt.

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

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$383,587,645, which is significantly in excess of the Town's outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- ♦ As of October 2012, the unemployment rate not seasonally adjusted for the Town was at 6.6%, which compares favorably to the state's average unemployment rate of 8.6% and a national unemployment rate of 7.5%.

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

EXHIBIT A
(1 of 2)

TOWN OF STONINGTON, CONNECTICUT

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 8,182,238
Investments.....	25,754,658
Receivables:	
Property taxes.....	817,958
Loans.....	224,200
Assessments/user charges.....	850,611
Intergovernmental.....	826,409
Other.....	347,800
Other.....	32,079
Total current assets.....	37,035,953
Noncurrent assets:	
Receivables (net):	
Property taxes.....	332,921
Assessments/user charges.....	215,978
Total receivables (net).....	548,899
Other noncurrent assets:	
Other.....	236,250
Net pension asset.....	702,551
Net OPEB asset.....	132,115
Total other noncurrent assets.....	1,070,916
Capital assets (net of accumulated depreciation):	
Land.....	11,028,391
Construction in progress.....	4,943,899
Land and building improvements.....	8,018,481
Buildings.....	38,784,146
Machinery and equipment.....	1,884,217
Infrastructure.....	54,449,006
Vehicles.....	579,735
Total capital assets.....	119,687,875
Total noncurrent assets.....	121,307,690
TOTAL ASSETS.....	158,343,643

(Continued)

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

TOWN OF STONINGTON, CONNECTICUTSTATEMENT OF NET ASSETS
JUNE 30, 2012

	GOVERNMENTAL ACTIVITIES
<u>LIABILITIES</u>	
LIABILITIES:	
Current liabilities:	
Accounts payable.....	\$ 2,733,876
Accrued payroll and related liabilities.....	166,157
Accrued interest payable.....	367,227
Unearned revenue.....	70,155
Internal balances.....	29,159
Bonds and notes payable.....	3,342,926
Compensated absences.....	400,939
Landfill postclosure costs.....	25,000
Total current liabilities.....	7,135,439
Noncurrent liabilities:	
Bonds, notes, and related liabilities.....	37,102,744
Compensated absences.....	1,603,755
Landfill postclosure costs.....	300,000
Heart and hypertension.....	376,845
Total noncurrent liabilities.....	39,383,344
TOTAL LIABILITIES.....	46,518,783
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt.....	89,588,921
Restricted for:	
Public safety.....	5,145
Highway department.....	161,772
Sanitation and waste removal.....	120,534
Human services.....	5,934
Education.....	141,620
Unrestricted.....	21,800,934
TOTAL NET ASSETS.....	\$ 111,824,860

(Concluded)

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

EXHIBIT B**TOWN OF STONINGTON, CONNECTICUT**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
General government.....	\$ 5,853,817	\$ 711,631	\$ 558,122	\$	(4,584,064)
Public safety.....	5,581,519	77,259	101,614		(5,402,646)
Highway department.....	3,511,527	244,472	263,474	425,334	(2,578,247)
Sanitation and waste removal.....	5,326,217	3,986,437			(1,339,780)
Health and welfare.....	777,536	96,865	67,790		(612,881)
Library.....	269,810		3,500		(266,310)
Recreation.....	297,402	113,050			(184,352)
Education.....	37,414,978	601,777	6,442,127		(30,371,074)
Interest expense.....	888,461				(888,461)
TOTAL GOVERNMENTAL ACTIVITIES.....	\$ 59,921,267	\$ 5,831,491	\$ 7,436,627	\$ 425,334	\$ (46,227,815)
GENERAL REVENUES AND TRANSFERS:					
Property taxes.....				\$	49,810,644
Investment income.....					167,948
Miscellaneous.....					56,273
TOTAL GENERAL REVENUES AND TRANSFERS.....					50,034,865
CHANGE IN NET ASSETS.....					3,807,050
NET ASSETS - JULY 1, 2011.....					108,017,810
NET ASSETS - JUNE 30, 2012.....				\$	111,824,860

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

TOWN OF STONINGTON, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	GENERAL	BONDED CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash.....	\$ 5,852,270	\$	\$ 2,329,968	\$ 8,182,238
Investments.....	19,908,671		1,982,455	21,891,126
Receivables, net:				
Property taxes.....	995,192			995,192
Loans.....			224,200	224,200
Assessments/use charges.....			1,066,589	1,066,589
Intergovernmental.....	205,668	550,000	70,741	826,409
Other.....	322,304		442	322,746
Due from other funds.....	106,056	9,986,821	342,258	10,435,135
Other assets.....	32,079			32,079
TOTAL ASSETS.....	\$ 27,422,240	\$ 10,536,821	\$ 6,016,653	\$ 43,975,714
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable.....	\$ 1,473,686	\$ 542,920	\$ 288,270	\$ 2,304,876
Accrued payroll and related liabilities.....	166,157			166,157
Due to other funds.....	10,718,115		116,272	10,834,387
Deferred revenue.....	892,370	550,000	1,035,880	2,478,250
Unearned revenue.....	25,037		45,118	70,155
Total Liabilities.....	13,275,365	1,092,920	1,485,540	15,853,825
Fund Balances:				
Restricted.....			435,005	435,005
Committed.....		9,443,901	2,551,432	11,995,333
Assigned.....	2,005,146		1,550,408	3,555,554
Unassigned.....	12,141,729		(5,732)	12,135,997
Total Fund Balances.....	14,146,875	9,443,901	4,531,113	28,121,889
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 27,422,240	\$ 10,536,821	\$ 6,016,653	\$ 43,975,714

(Continued)

TOWN OF STONINGTON, CONNECTICUT

RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2012

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).....	\$ 28,121,889
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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.....	123,169,503
Depreciation expense.....	(3,436,666)
Disposal of capital assets.....	(44,962)

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.....	207,687
Property tax, sewer assessments and CDBG loan receivable-accrual basis change.....	2,478,250
Allowance for doubtful accounts.....	(52,000)
Other.....	236,250
Net pension asset.....	702,551
Net OPEB asset.....	132,115

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.....	3,829,679
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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.....	(40,445,670)
Compensated absences.....	(2,004,694)
Landfill postclosure.....	(325,000)
Heart and hypertension.....	(376,845)
Accrued interest payable.....	(367,227)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 111,824,860</u>
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(Concluded)

TOWN OF STONINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	GENERAL	BONDED CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes.....	\$ 49,741,364	\$	\$	\$ 49,741,364
Intergovernmental.....	5,544,730		2,327,631	7,872,361
Charges for services.....	2,837,422		3,052,974	5,890,396
Revenues from use of town money and property.....	163,222		4,281	167,503
Other.....			56,273	56,273
TOTAL REVENUES.....	58,286,738	-	5,441,159	63,727,897
EXPENDITURES:				
Current:				
General government.....	7,022,971		117,013	7,139,984
Public safety.....	4,266,793		75,851	4,342,644
Highway department.....	2,101,443		195,022	2,296,465
Sanitation and waste removal.....	2,300,201		2,419,400	4,719,601
Human services.....	389,321			389,321
Social services.....	207,965			207,965
Recreation.....	112,897		184,505	297,402
Libraries.....	269,810			269,810
Payments to other civic divisions.....	167,581			167,581
Education.....	35,002,770		1,888,738	36,891,508
Debt service.....	4,047,096	236,251		4,283,347
Capital outlay.....		1,653,284	1,520,137	3,173,421
TOTAL EXPENDITURES.....	55,888,848	1,889,535	6,400,666	64,179,049
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	2,397,890	(1,889,535)	(959,507)	(451,152)
OTHER FINANCING SOURCES (USES):				
Bond issue proceeds.....		12,000,000		12,000,000
Issuance of refunding debt.....		17,320,000		17,320,000
Payment to refund bond escrow agent.....		(19,269,132)		(19,269,132)
Premiums.....	385,955	2,124,383		2,510,338
Transfers in.....			1,361,315	1,361,315
Transfers out.....	(1,361,315)			(1,361,315)
NET OTHER FINANCING SOURCES (USES).....	(975,360)	12,175,251	1,361,315	12,561,206
NET CHANGE IN FUND BALANCES	1,422,530	10,285,716	401,808	12,110,054
FUND BALANCES - JULY 1, 2011.....	12,724,345	(841,815)	4,129,305	16,011,835
FUND BALANCES - JUNE 30, 2012.....	\$ 14,146,875	\$ 9,443,901	\$ 4,531,113	\$ 28,121,889

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
YEAR ENDED JUNE 30, 2012

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)..... \$ 12,110,054

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.....	3,155,801
Depreciation expense.....	(3,436,666)
Total.....	(280,865)

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..... (44,962)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not reported in the Statement of Activities:

Change in property tax, sewer assessments and CDBG loans receivable - accrual basis change.....	(35,862)
Change in property tax and sewer assessment interest and lien revenue.....	35,837
Total	(25)

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:

Debt issued or incurred:	
Issuance of bonds.....	(12,000,000)
Issuance of refunding bonds.....	(17,320,000)
Premiums.....	(2,510,338)
Deferred charges.....	1,684,132
Other assets.....	236,250
Principal repayments:	
General obligation bonds and notes.....	3,256,499
Payments to refunded bonds escrow agent.....	17,585,000
Total	(9,068,457)

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.....	148,903
Accrued interest payable.....	(97,863)
Net pension asset.....	161,645
Net OPEB obligation.....	337,758
Heart and hypertension.....	(223,885)
Landfill postclosure.....	74,000
Total	400,558

Internal Service Funds are used by management to charge costs of medical insurance premiums to individual departments..... 690,302

The net revenues of the activities of the Internal Service Fund is reported with governmental activities..... 445

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B) \$ 3,807,050

TOWN OF STONINGTON, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 49,366,330	\$ 49,366,330	\$ 49,741,364	\$ 375,034
Intergovernmental.....	2,354,768	2,354,768	2,485,730	130,962
Charges for services.....	2,561,200	2,561,200	2,837,422	276,222
Revenues from use of town money and property.....	104,500	104,500	163,222	58,722
TOTAL REVENUES.....	54,386,798	54,386,798	55,227,738	840,940
EXPENDITURES:				
Current:				
General government.....	7,262,091	7,166,987	7,058,225	108,762
Public safety.....	4,550,893	4,403,893	4,265,814	138,079
Highway department.....	2,146,752	3,047,335	3,031,531	15,804
Sanitation and waste removal.....	2,683,186	2,347,801	2,302,701	45,100
Human services.....	394,389	395,445	392,428	3,017
Social services.....	210,529	210,529	207,965	2,564
Recreation.....	93,627	113,127	112,897	230
Libraries.....	269,810	269,810	269,810	-
Payments to other civic divisions	167,581	167,581	167,581	-
Education.....	31,758,671	31,758,671	31,758,513	158
Debt service.....	4,405,254	4,053,104	4,047,096	6,008
TOTAL EXPENDITURES.....	53,942,783	53,934,283	53,614,561	319,722
EXCESS OF REVENUES OVER EXPENDITURES.....	444,015	452,515	1,613,177	1,160,662
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	830,300	849,800		(849,800)
Cancellation of prior year encumbrances.....	4,000	4,000	13,621	9,621
Premiums.....			385,955	385,955
Transfers in.....	55,000	55,000		(55,000)
Transfers out.....	(1,333,315)	(1,361,315)	(1,361,315)	-
NET OTHER FINANCING SOURCES (USES).....	(444,015)	(452,515)	(961,739)	(509,224)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	651,438	\$ 651,438
FUND BALANCE - JULY 1, 2011.....			12,390,291	
FUND BALANCE - JUNE 30, 2012.....			\$ 13,041,729	

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, 2012

		<u>GOVERNMENTAL ACTIVITIES</u>
		<u>INTERNAL SERVICE FUND</u>
<u>ASSETS</u>		
Current assets:		
Investments.....	\$	3,863,532
Receivables:		
Other.....		25,054
Due from other funds.....		<u>370,093</u>
Total current assets.....		<u>4,258,679</u>
<u>LIABILITY</u>		
Current liability:		
Accounts payable.....		<u>429,000</u>
<u>NET ASSETS</u>		
Unrestricted.....	\$	<u><u>3,829,679</u></u>

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

TOWN OF STONINGTON, CONNECTICUT**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>GOVERNMENTAL ACTIVITIES</u>
	<u>INTERNAL SERVICE FUND</u>
OPERATING REVENUES:	
Charges for services.....	<u>\$ 6,975,329</u>
OPERATING EXPENSES:	
Medical claims.....	5,340,476
Administration and other.....	<u>944,551</u>
TOTAL OPERATING EXPENSES.....	<u>6,285,027</u>
OPERATING INCOME (LOSS).....	690,302
NONOPERATING REVENUES:	
Investment income.....	<u>445</u>
CHANGE IN NET ASSETS.....	690,747
TOTAL NET ASSETS - JULY 1, 2011.....	<u>3,138,932</u>
TOTAL NET ASSETS - JUNE 30, 2012.....	<u><u>\$ 3,829,679</u></u>

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

TOWN OF STONINGTON, CONNECTICUTSTATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	GOVERNMENTAL ACTIVITIES	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for charges.....	\$ 6,791,284	
Cash paid for claims and other.....	(5,344,990)	
Cash paid for administration.....	(944,551)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	501,743	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income.....	445	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	502,188	
CASH AND CASH EQUIVALENTS - JULY 1, 2011.....	3,361,344	
CASH AND CASH EQUIVALENTS - JUNE 30, 2012.....	\$ 3,863,532	
RECONCILIATION TO EXHIBIT G - CASH:		
CASH AND CASH EQUIVALENTS PER ABOVE.....	\$ 3,863,532	
CASH AND CASH EQUIVALENTS REPORTED AS INVESTMENTS...	(3,863,532)	
CASH - EXHIBIT G.....	\$ -	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss).....	\$ 690,302	
Adjustments to reconcile operating income (loss) to net cash provide by (used in) operating activities:		
(Increase) Decrease in:		
Receivables.....	(25,054)	
Due from other funds.....	(158,991)	
Increase (Decrease) in:		
Accounts payable.....	(4,514)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 501,743	

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, 2012

	PENSION TRUST FUND	RETIREE TRUST FUND	OPEB TRUST FUND	PRIVATE- PURPOSE TRUST FUND	AGENCY FUNDS
<u>ASSETS</u>					
Cash.....	\$	\$ 7,080	\$	\$ 18,424	\$ 324,418
Investments:					
Certificate of deposits.....				132,305	
Pooled fixed income.....					79,457
Equities.....	11,345,581	216,670	99,559		
Corporate and foreign bonds.....	1,982,273	216,433	127,665		
U.S. government securities.....	1,184,015	50,846	100,627		
U.S. government agency securities.....	2,021,691				
Equity mutual funds.....	2,482,644	154,616	67,321		
Money market mutual funds.....	1,551,938	58,271	23,685		
Fixed income mutual funds.....	905,607	38,762	112,607		
Municipal bonds.....	171,452	59,386	26,329		
Asset backed securities.....	951,996				
Total investments.....	22,597,197	794,984	557,793	132,305	79,457
Receivable:					
Employer contribution.....	176,210	5,327	2,210		
Due from other funds.....					29,159
TOTAL ASSETS.....	22,773,407	807,391	560,003	150,729	433,034
<u>LIABILITY</u>					
LIABILITY:					
Accounts payable.....					433,034
NET ASSETS HELD IN TRUST FOR PENSION BENEFIT AND OTHER PURPOSES.....	\$ 22,773,407	\$ 807,391	\$ 560,003	\$ 150,729	\$

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

TOWN OF STONINGTON, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2012

	PENSION TRUST FUND	RETIREE TRUST FUND	OPEB TRUST FUND	PRIVATE- PURPOSE TRUST FUND
ADDITIONS:				
Contributions:				
Employer.....	\$ 1,345,250	\$ 54,914	\$ 90,000	\$
Employee.....	235,660	46,615		
Total contributions.....	1,580,910	101,529	90,000	-
Investment income (loss):				
Net appreciation (depreciation) in fair value of investments.....	254,166	(8,930)	(2,199)	
Interest and dividends.....	667,868	22,241	4,114	1,538
Total investment income (loss).....	922,034	13,311	1,915	1,538
Less investment expense.....	95,416	8,756		
Net investment income (loss).....	826,618	4,555	1,915	1,538
TOTAL ADDITIONS.....	2,407,528	106,084	91,915	1,538
DEDUCTIONS:				
Benefits.....	1,143,847	7,345		
Administration.....	39,311	1,963	5,266	
Other.....				8,291
TOTAL DEDUCTIONS.....	1,183,158	9,308	5,266	8,291
CHANGE IN NET ASSETS.....	1,224,370	96,776	86,649	(6,753)
NET ASSETS - JULY 1, 2011.....	21,549,037	710,615	473,354	157,482
NET ASSETS - JUNE 30, 2012.....	\$ 22,773,407	\$ 807,391	\$ 560,003	\$ 150,729

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

TOWN OF STONINGTON, CONNECTICUT**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012****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 activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing 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. 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.

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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)

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

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

Investments for the Town are reported at fair value.

2. Receivables and Payables

a. Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

b. Property Taxes and Other Receivables

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 8% of outstanding receivable balances at June 30, 2012 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, and supplemental motor vehicles taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

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)

3. Capital Assets

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

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

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

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

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

4. Compensated Absences

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

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

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)

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net 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.

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.

6. 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.

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. Fund Equity and Net Assets (Continued)

Restricted

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

Committed

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

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent 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.

7. 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.

8. 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 \$19,500 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, 2012.....	\$ 55,227,738	\$ 53,614,561	\$13,041,729
Encumbrances outstanding at June 30, 2011 liquidated during the year ended June 30, 2012		320,433	
Encumbrances outstanding at June 30, 2012, charged to budgetary expenditures		(1,105,146)	1,105,146
State Teachers' Retirement on-behalf payment.....	3,059,000	3,059,000	
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2012	<u>\$ 58,286,738</u>	<u>\$ 55,888,848</u>	<u>\$14,146,875</u>

C. Capital Projects Authorizations

The following is a summary of certain Capital Projects at June 30, 2012:

<u>CAPITAL PROJECTS FUND</u>	<u>AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>PROJECT BALANCE</u>
Wastewater Treatment Facility	<u>\$ 18,325,000</u>	<u>\$ 1,653,284</u>	<u>\$ 16,610,716</u>

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

D. Deficit Fund Balance

The following fund had a deficit fund balance at June 30, 2012:

Special Revenue Fund

Community Development Block Grant \$ 5,732

Future intergovernmental revenues will be used to fund the deficit.

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, 2012, \$23,364,627 of the Town's bank balance of \$26,763,721 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 20,903,164
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>2,461,463</u>
Total amount subject to custodial credit risk	<u>\$ 23,364,627</u>

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

2. Investments - At June 30, 2012, 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	\$ 1,056,976	\$	\$ 1,056,976	\$	\$	\$
Equity mutual funds	2,704,581	2,704,581				
Money market mutual funds	1,633,894		1,633,894			
Money markets/CDs	18,043,187		15,894,518	2,148,669		
Pooled fixed income	7,923,233		7,923,233			
U.S. Government securities	1,335,488			394,973	406,365	534,150
U.S. Government agency securities ..	2,021,691			5,099	117,979	1,898,613
Equities	11,661,810	11,661,810				
Foreign bonds	407,507		45,380	117,763	172,075	72,289
Corporate bonds	1,918,864		36,332	692,477	703,238	486,817
Municipal bonds	257,167		15,188	26,329	105,880	109,770
Asset backed securities	951,996		20,856	192,552		738,588
	<u>\$ 49,916,394</u>	<u>\$ 14,366,391</u>	<u>\$ 26,626,377</u>	<u>\$ 3,577,862</u>	<u>\$ 1,505,537</u>	<u>\$ 3,840,227</u>

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

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Of the \$7,923,233 of pooled fixed income, \$1,117 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	U.S. Gov't Securities	U.S. Gov't Agency Securities	Money Market Mutual Funds	Fixed Income Mutual Funds	Foreign Bonds	Asset Backed Securities
AAA	\$ 7,926,233	\$ 30,346	\$ 29,396	\$ 1,335,488	\$ 1,973,530	\$	\$	\$	\$ 666,024
AA		70,623	56,195		48,161				124,257
A		786,528	142,056					160,289	161,715
BBB		995,472						247,218	
BB		9,706							
Unrated		26,189	29,520			1,633,894	1,056,976		
Total	\$ 7,923,233	\$ 1,918,864	\$ 257,167	\$ 1,335,488	\$ 2,021,691	\$ 1,633,894	\$ 1,056,976	\$ 407,507	\$ 951,996

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	\$ 1,335,488	\$	\$ 1,335,488
U.S. Government agency securities	2,021,691		2,021,691
Equities	11,661,810	800,000	10,861,810
Foreign bonds	407,507		407,507
Asset backed securities	951,996		951,996
Municipal bonds	257,167		257,167
Corporate bonds	1,918,864	200,000	1,718,864
	<u>\$ 18,554,523</u>	<u>\$ 1,000,000</u>	<u>\$ 17,554,523</u>

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts as of June 30, 2012, including the applicable allowances for uncollectible accounts, are presented below.

	PROPERTY TAXES		
	TAXES	INTEREST & LIEN FEES	TOTAL
Current Portion	<u>\$ 676,731</u>	<u>\$ 141,227</u>	<u>\$ 817,958</u>
Long-term Portion	\$ 318,461	\$ 66,460	\$ 384,921
Less Allowance for Uncollectibles	<u>(36,000)</u>	<u>(16,000)</u>	<u>(52,000)</u>
Net Long-term Portion	<u>\$ 282,461</u>	<u>\$ 50,460</u>	<u>\$ 332,921</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 ASSESSMENT	
	USE	INTEREST & LIEN FEES	TOTAL		TOTAL
Current Portion	\$ 828,422	\$ 4,037	\$ 832,459	\$ 18,152	\$ 850,611
Long-term Portion	\$ 232,942	\$ 4,036	\$ 236,978	\$	236,978
Less Allowance for Uncollectibles	(21,000)		(21,000)		(21,000)
Net Long-term Portion	\$ 211,942	\$ 4,036	\$ 215,978	\$ -	\$ 215,978

Governmental funds report *deferred 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	\$ 706,858	\$	\$ 706,858
Sewer assessments and charges receivable	811,680		811,680
Reimbursement grants	735,512		735,512
Loans receivable	224,200		224,200
Unearned property tax payments paid in advance		25,037	25,037
Grant draw downs prior to meeting all eligibility requirements		45,118	45,118
TOTALS	\$ 2,478,250	\$ 70,155	\$ 2,548,405

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, 2012 was as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
<u>Capital Assets, not being Depreciated:</u>				
Land.....	\$ 11,028,391	\$	\$	\$ 11,028,391
Construction in progress.....	3,874,193	1,872,483	802,777	4,943,899
Total Capital Assets, not being Depreciated.....	14,902,584	1,872,483	802,777	15,972,290
<u>Capital Assets, being Depreciated:</u>				
Land and building improvements.....	11,359,177	22,794		11,381,971
Buildings.....	66,497,368			66,497,368
Machinery and equipment.....	5,817,297	265,873		6,083,170
Infrastructure.....	80,396,335	1,515,394		81,911,729
Vehicles.....	3,245,437	282,034	118,335	3,409,136
Total Capital Assets being Depreciated.....	167,315,614	2,086,095	118,335	169,283,374
Total Capital Assets.....	182,218,198	3,958,578	921,112	185,255,664
<u>Less Accumulated Depreciation for:</u>				
Land and building improvements.....	3,067,104	296,386		3,363,490
Buildings.....	26,433,601	1,279,621		27,713,222
Machinery and equipment.....	3,962,380	236,573		4,198,953
Infrastructure.....	26,059,882	1,402,841		27,462,723
Vehicles.....	2,681,529	221,245	73,373	2,829,401
Total Accumulated Depreciation.....	62,204,496	3,436,666	73,373	65,567,789
Total Capital Assets, being Depreciated, net.....	105,111,118	(1,350,571)	44,962	103,715,585
Governmental Activities Capital Assets, net.....	\$ 120,013,702	\$ 521,912	\$ 847,739	\$ 119,687,875

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.....	\$ 1,258,586
Public safety.....	113,945
Highway department.....	133,907
Sanitation and waste removal	647,911
Health and welfare.....	7,415
Education	<u>1,274,902</u>

Total Depreciation Expense..... \$ 3,436,666

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2012 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	\$ 907	\$
Town Aid Road Fund	N/A		162,432
Dog License Fund.....	N/A		12,636
Youth Service Activity Fund	N/A		2,428
Community Development Block Grant Fund	N/A	623	
Recreation Commission Fund	N/A		2,237
Sewer Usage Fund	N/A	12,154	
Sewer Development and Maintenance Fund	N/A		1,006
Prepaid Education Grants.....	N/A	92,372	
DARE Program	N/A		1,344
Planning and Development Grant Fund	N/A		69,824
Human Services Grants.....	N/A		24,937
Miscellaneous	N/A		29,880
Capital Nonrecurring	N/A		25,318
Internal Service Fund.....	N/A		370,093
Bonded Capital Projects	N/A		9,986,821
Stonington Harbor management	N/A		21,114
Mystic Harbor management.....	N/A		<u>8,045</u>
TOTAL GENERAL FUND	N/A	<u>106,056</u>	<u>10,718,115</u>
BONDED CAPITAL PROJECTS FUND.....	General Fund	<u>9,986,821</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	\$	\$ 907
Town Aid Road Fund	General Fund	162,432	
Dog License Fund	General Fund	12,636	
Youth Service Activity Fund	General Fund	2,428	
Youth Service Activity Fund	Recreation Fund	5,684	
Youth Service Activity Fund	Human Services	4,036	
Community Development Block Grant	General Fund		623
Recreation Commission Fund	General Fund	2,237	
Recreation Commission Fund	Youth Service		5,684
Sewer Usage Fund	General Fund		12,154
Sewer Development and Maintenance Fund	General Fund	1,006	
State Assets Forfeiture Program	Federal Asset Forfeiture		496
Federal Assets Forfeiture Program	State Asset Forfeiture	496	
Prepaid Education Grants	General Fund		92,372
DARE Program	General Fund	1,344	
Planning and Development Grant Fund	General Fund	69,824	
Human Services Grant	General Fund	24,937	
Human Services Grant	Youth Service		4,036
Miscellaneous	General Fund	29,880	
TOTAL SPECIAL REVENUE FUNDS		316,940	116,272
CAPITAL PROJECTS FUNDS:			
Capital Nonrecurring	General Fund	25,318	
TOTAL NONMAJOR FUNDS		342,258	116,272
INTERNAL SERVICE FUND	General Fund	370,093	
FIDUCIARY FUNDS:			
Stonington Harbor management	General Fund	21,114	
Mystic Harbor management	General Fund	8,045	
TOTAL FIDUCIARY FUNDS		29,159	
GRAND TOTAL		\$ 10,834,387	\$ 10,834,387

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, 2012 is as follows:

<u>MAJOR FUNDS</u>	<u>CORRESPONDING FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
GENERAL FUND:			
Dog License Fund.....	N/A	\$	\$ 1,000
Sewer Usage Fund	N/A		290,000
Miscellaneous	N/A		149,762
Capital Nonrecurring	N/A		920,553
TOTAL GENERAL FUND.....		-	1,361,315
<u>NONMAJOR FUNDS</u>			
SPECIAL REVENUE FUNDS:			
Dog License Fund.....	General Fund	1,000	
Sewer Usage Fund	General Fund	290,000	
Miscellaneous	General Fund	149,762	
TOTAL SPECIAL REVENUE FUNDS.....		440,762	-
CAPITAL NONRECURRING.....	General Fund	920,553	
TOTAL NONMAJOR FUNDS.....		1,361,315	-
GRAND TOTAL		<u>\$ 1,361,315</u>	<u>\$ 1,361,315</u>

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

E. Operating Leases

The Town leases a Ford Ranger truck and 2 Ford Fusion cars. The present lease term of each lease is 4 years, expiring March 21, 2014, with the right to return the vehicles and terminate the lease after 3 years. Lease payments for the current year were \$12,528. Future lease payments for fiscal year 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, 2011	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2012	CURRENT PORTION
GENEREAL PURPOSE:									
Improvement Bond.....	\$ 425,000	07/01/07	09/01/26	4.125%-5.5%	\$ 345,000	\$	\$ 115,000	\$ 230,000	\$ 115,000
Refunding Bond.....	4,525,000	02/15/09	05/15/20	2.0%-5.0%	3,674,700		441,400	3,233,300	433,900
Refunding Bond.....	1,192,000	02/23/12	09/01/24	2.25%-4.0%		1,192,000		1,192,000	
TOTAL GENERAL PURPOSE.....					4,019,700	1,192,000	556,400	4,655,300	548,900
SCHOOL:									
Improvement Bond.....	5,000,000	10/15/03	10/15/23	2.5%-4.5%	3,350,000		3,075,000	275,000	275,000
Improvement Bond.....	10,000,000	10/01/04	10/01/24	3.0%-4.25%	8,000,000		6,800,000	1,200,000	600,000
Improvement Bond.....	10,000,000	10/01/05	10/01/25	3.25%-5.0%	7,500,000		6,000,000	1,500,000	500,000
Improvement Bond.....	3,275,000	07/01/07	09/01/26	4.125%-5.5%	2,750,000		2,050,000	700,000	175,000
Refunding Bond.....	3,000,000	02/15/09	05/15/20	2.0%-5.0%	2,375,300		328,600	2,046,700	316,100
Refunding Bond.....	16,128,000	02/23/12	09/01/26	2.0%-4.0%		16,128,000		16,128,000	
TOTAL SCHOOL.....					23,975,300	16,128,000	18,253,600	21,849,700	1,866,100
SEWER:									
Improvement Bond.....	9,810,000	02/15/92	02/15/12	5.0%-7.0%	495,000		495,000	-	
Improvement Bond.....	2,100,000	10/01/04	10/01/24	3.0%-4.25%	1,540,000		1,320,000	220,000	110,000
Improvement Bond.....	700,000	07/01/07	09/01/26	4.125%-5.5%	210,000		70,000	140,000	70,000
Improvement Bond.....	12,000,000	04/05/12	04/01/32	4.125%-5.5%		12,000,000		12,000,000	600,000
TOTAL SEWER.....					2,245,000	12,000,000	1,885,000	12,360,000	780,000
CLEAN WATER LOANS:									
Clean Water Loan.....	1,563,519	1998	2017	2%	450,925		75,154	375,771	75,154
Clean Water Loan.....	1,148,280	06/30/00	2016	2%	450,038		71,345	378,693	72,772
TOTAL CLEAN WATER LOANS.....					900,963	-	146,499	754,464	147,926
TOTAL BOND AND NOTES.....					31,140,963	29,320,000	20,841,499	39,619,464	3,342,926
PREMIUM.....						2,510,338		2,510,338	
DEFERRED CHARGE ON REFUNDING.....						(1,684,132)		(1,684,132)	
TOTAL BONDS, NOTES AND RELATED LIABILITIES.....					31,140,963	30,146,206	20,841,499	40,445,670	3,342,926
LANDFILL POSTCLOSURE COSTS.....					399,000		74,000	325,000	25,000
COMPENSATED ABSCENCES.....					2,153,597	875,545	1,024,448	2,004,694	400,939
HEART AND HYPERTENSION.....					152,960	235,520	11,635	376,845	
NET OPEB OBLIGATION.....					205,643		205,643	-	
TOTAL GENERAL LONG-TERM OBLIGATIONS.....					\$ 34,052,163	\$ 31,257,271	\$ 22,157,225	\$ 43,152,209	\$ 3,768,865

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, 2012 are as follows:

FISCAL YEAR END JUNE 30,	BONDS			CLEAN WATER		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2013	\$ 3,195,000	\$ 1,334,441	\$ 4,529,441	\$ 147,926	\$ 15,089	\$ 163,015
2014	3,185,000	1,220,145	4,405,145	149,381	12,130	161,511
2015	2,990,000	1,115,234	4,105,234	150,866	9,143	160,009
2016	2,940,000	1,020,516	3,960,516	152,380	6,126	158,506
2017	2,930,000	915,481	3,845,481	153,911	3,093	157,004
2018	2,885,000	824,506	3,709,506			
2019	2,715,000	717,256	3,432,256			
2020	2,700,000	603,757	3,303,757			
2021	2,195,000	490,706	2,685,706			
2022	2,090,000	411,007	2,501,007			
2023	2,090,000	333,405	2,423,405			
2024	2,085,000	255,906	2,340,906			
2025	1,840,000	194,256	2,034,256			
2026	1,255,000	154,528	1,409,528			
2027	770,000	125,125	895,125			
2028	600,000	103,500	703,500			
2029	600,000	84,000	684,000			
2030	600,000	63,000	663,000			
2031	600,000	42,000	642,000			
2032	600,000	21,000	621,000			
TOTALS	\$ 38,865,000	\$ 10,029,769	\$ 48,894,769	\$ 754,464	\$ 45,581	\$ 800,045

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	\$ 123,296,029	\$ 7,845,649	\$ 115,450,380
Schools	246,592,058	21,849,700	224,742,358
Sewers	205,493,381	12,360,000	193,133,381
Urban renewal	178,094,264		178,094,264
Pension deficit	164,394,705		164,394,705

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$383,587,645.

The indebtedness reflected above includes bonds outstanding.

3. Current Years' Advance Refunding

On February 23, 2012, the Town issued \$17,320,000 of general obligation refunding bonds with an interest rate of 2.0%-4.0%. These refunding bonds were issued to advance refund and partially defease bonds issued in October 2003, October 2004, October 2005 and July 2007. The refunding resulted in an economic gain of \$1,542,867 with a total net present value savings of \$1,388,291.

4. 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, 2012, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$23,035,000.

5. Landfill Closure and Postclosure Care Costs

The Town closed its landfill in 1995. State and Federal laws and regulations require landfill closures to meet certain standards. Monitoring costs and estimated repairs and maintenance for the next 13 years at \$25,000 per year are \$325,000. 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)

6. Authorized/Unissued Bonds

At June 30, 2012, the amount of authorized, unissued bonds for improvements to the Town's waste water treatment facilities is \$6,325,000.

G. Restricted Net Assets

The amount of restricted net assets, which were restricted by enabling legislation, totaled \$435,005 at June 30, 2012.

H. Fund Balance Classifications

As of June 30, 2012, fund balances are composed of the following:

FUND BALANCE COMPONENT	GENERAL FUND	BONDED CAPITAL PROJECTS	NONMAJOR FUNDS	TOTAL
<u>RESTRICTED:</u>				
Public safety	\$	\$	\$ 5,145	\$ 5,145
Highway department			161,772	161,772
Sanitation and waste removal			120,534	120,534
Human services			5,934	5,934
Education			141,620	141,620
TOTAL RESTRICTED	-	-	435,005	435,005
<u>COMMITTED:</u>				
General government			196,186	196,186
Sanitation and waste removal			414,184	414,184
Approved CNR Projects		9,443,901	1,941,062	11,384,963
TOTAL COMMITTED	-	9,443,901	2,551,432	11,995,333
<u>ASSIGNED:</u>				
Subsequent years' budget	900,000			900,000
General government	83,452		69,824	153,276
Public safety	4,116		4,609	8,725
Highway department	957,591			957,591
Sanitation and waste removal	2,500		813,498	815,998
Human services	3,107		182,699	185,806
Recreation			70,522	70,522
Education	54,380		409,256	463,636
TOTAL ASSIGNED	2,005,146	-	1,550,408	3,555,554
<u>UNASSIGNED</u>	12,141,729	-	(5,732)	12,135,997
TOTAL	\$ 14,146,875	\$ 9,443,901	\$ 4,531,113	\$ 28,121,889

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 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>
2010-2011	\$ 470,695	\$ 5,401,912	\$5,439,093	\$ 433,514
2011-2012	433,514	5,340,476	5,344,990	429,000

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

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO 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 2011-2012 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

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

B. Commitments and Litigation

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

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

C. Pension Plans

1. Plan Description

Summary

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

2. Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO 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, 2011, PERS membership consisted of :

Retirees and beneficiaries receiving benefits	126
Terminated plan members entitled to but not yet receiving benefits	42
Active plan members	<u>192</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, 2011 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE NORMAL	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
July 1, 2011	\$ 21,249,891	\$ 26,484,044	\$ (5,234,153)	80.2%	\$ 9,071,534	(57.7%)

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

6. Actuarial Assumptions

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

Valuation Date	July 1, 2011
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	\$ 1,171,692
Interest on net pension obligation	(40,568)
Adjustment to annual required contribution	<u>49,353</u>
Annual pension cost	1,180,477
Contributions made	<u>1,342,122</u>
Increase in net pension asset	(161,645)
Net pension asset, July 1, 2011	<u>(540,906)</u>
Net pension asset, June 30, 2012	<u>\$ (702,551)</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>
06/30/10	\$ 940,582	107.4%	\$ (236,619)
06/30/11	1,167,680	126.1%	(540,906)
06/30/12	1,180,477	113.7%	(702,551)

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>	
2010	\$ 363,715
2011	474,968
2012	531,307

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 \$1,070,000.

c. Employee Contributions

There are no employee contributions to the plan.

3. Funded Status and Funding Progress

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

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIAL ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1, 2011	\$ 473,000	\$9,657,000	\$ (9,184,000)	4.9%	\$ 26,065,000	(35.2%)

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

TOWN OF STONINGTON, CONNECTICUT
NOTES TO 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 actuarial accrued liabilities and the actuarial value of assets.

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

VALUATION DATE	July 1, 2011
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Level Percentage
REMAINING AMORTIZATION PERIOD:	30 Years Closed
ASSET VALUATION METHOD	Fair Value
ACTUARIAL ASSUMPTIONS:	
Investment rate of return	7.5%
Healthcare inflation rate:	
Initial	6.6%
Ultimate	4.4%

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

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

Annual required contribution	\$ 729,000
Interest on net OPEB obligation	15,423
Adjustment to annual required contribution	<u>(12,181)</u>
Annual OPEB cost	732,242
Contributions made	<u>1,070,000</u>
Change in net OPEB obligation	(337,758)
Net OPEB obligation - July 1, 2011	<u>205,643</u>
Net OPEB asset - June 30, 2012	<u>\$ (132,115)</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 (ASSET)
2010	\$ 688,645	87.56%	\$ 175,645
2011	700,998	95.72%	205,643
2012	732,242	146.13%	(132,115)

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, 2012 were \$54,914 and \$46,615 respectively.

F. On-Behalf Payments

The amount recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the state on-behalf of the Town's teachers to the State Teachers' Retirement System was \$3,059,000.

G. Reclassification

In the prior year the Sewer Usage Fund and the Planning and Developing Grant Fund were reported as major funds, whereas in the current year they no longer meet the requirements and have been reclassified to Other Governmental Funds. Therefore, the beginning fund balances have been reclassified as follows:

	SEWER USAGE FUND	PLANNING AND DEVELOPING GRANT FUND	OTHER GOVERNMENTAL FUNDS
BALANCE - JUNE 30, 2011	\$ 822,470	\$ (289,156)	\$ 3,595,991
Reclassifications of funds	(822,470)	289,156	533,314
BALANCE - JULY 1, 2011	\$ -	\$ -	\$ 4,129,305

**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 ACCRUED LIABILITY (AAL) ENTRY AGE NORMAL	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	[(A-B)/C] OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROL
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%)
2011	21,249,891	26,484,044	(5,234,153)	80.2%	9,071,534	(57.70%)
OTHER POST EMPLOYMENT BENEFITS PLAN						
ACTUARIAL VALUATION DATE JULY 1,	A ACTUARIAL VALUE OF ASSETS	B ACTUARIAL ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	[(A-B)/C] OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED 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
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	473,000	9,657,000	(9,184,000)	4.9%	26,065,000	(35.2%)

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
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%
2012	1,171,692	1,342,122	114.5%

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%
2012	729,000	1,070,000	146.8%

Supplemental Schedules

General Fund

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

TOWN OF STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES				
Current levy.....	\$ 48,566,330	\$ 48,566,330	\$ 48,650,215	\$ 83,885
Prior year taxes.....	350,000	350,000	520,707	170,707
Motor vehicle supplement.....	160,000	160,000	204,719	44,719
Interest and lien fees.....	220,000	220,000	291,446	71,446
Telephone access line.....	70,000	70,000	74,277	4,277
TOTAL PROPERTY TAXES.....	49,366,330	49,366,330	49,741,364	375,034
LICENSES AND PERMITS				
Building permits.....	110,000	110,000	244,472	134,472
Business licenses.....	15,000	15,000	15,572	572
Conveyance taxes.....	150,000	150,000	252,142	102,142
Town clerk's fees.....	150,000	150,000	183,171	33,171
Miscellaneous permits.....	2,500	2,500	3,575	1,075
Alarm registration.....	6,500	6,500	6,620	120
Wetlands permits.....	1,000	1,000	3,750	2,750
P & Z and zoning board fees.....	60,000	60,000	85,681	25,681
TOTAL LICENSES AND PERMITS.....	495,000	495,000	794,983	299,983
FINES AND FORFEITS				
Parking fines.....	9,000	9,000	6,675	(2,325)
Alarm penalties.....	2,200	2,200	3,425	1,225
TOTAL FINES AND FORFEITS.....	11,200	11,200	10,100	(1,100)
REVENUES - USE OF TOWN MONEY				
Interest income.....	50,000	50,000	92,216	42,216
Rentals.....	42,000	42,000	58,506	16,506
Loan repayment SNEFLA.....	12,500	12,500	12,500	-
TOTAL REVENUES - USE OF TOWN MONEY.....	104,500	104,500	163,222	58,722
INTERGOV REVENUES: STATE GRANTS FOR ED				
Education cost sharing grant.....	2,061,204	2,061,204	2,057,251	(3,953)
Transportation.....	39,520	39,520	81,465	41,945
Nonpublic services.....	3,763	3,763	4,572	809
Nonpublic health services.....	9,042	9,042	7,520	(1,522)
TOTAL INTERGOV REVENUES: STATE GRANTS FOR ED	2,113,529	2,113,529	2,150,808	37,279
STATE GRANTS FOR REIMB ON REVENUE LOSS				
Reimbursement disabled.....	1,600	1,600	1,688	88
Veterans' exemption.....	16,200	16,200	15,734	(466)
Tax relief for elderly.....	129,500	129,500	132,860	3,360
PILOT state owned property.....	22,204	22,204	22,213	9
Municipal revenue sharing.....			79,624	79,624
Mashantucket Pequot grant.....	33,960	33,960	39,466	5,506
TOTAL STATE GRANTS FOR REIMB ON REVENUE LOSS.....	203,464	203,464	291,585	88,121
STATE GRANTS FOR OTHER PURPOSES				
Parking ticket surcharge.....	11,000	11,000	10,911	(89)
Youth services.....	19,275	19,275	19,284	9
Civil preparedness.....	7,500	7,500	7,335	(165)
Multi model transportation study.....			5,807	5,807
TOTAL STATE GRANTS FOR OTHER PURPOSES.....	37,775	37,775	43,337	5,562
TOTAL INTERGOVERNMENTAL REVENUE.....	2,354,768	2,354,768	2,485,730	130,962

(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				
Town Hall bags.....	\$	\$	\$ 444,652	\$ 444,652
Solid waste disposal fees.....	1,625,000	1,625,000	1,009,688	(615,312)
SCRRRA transportation.....	92,000	92,000	95,264	3,264
Landfill recycling.....	42,000	42,000	123,459	81,459
Tipping fees.....	110,000	110,000	132,216	22,216
Building rental/miscellaneous.....	800	800	2,587	1,787
Medicaid reimbursement.....	18,000	18,000	3,763	(14,237)
Board of ed activity fees.....	15,500	15,500		(15,500)
Tuition other towns.....	26,500	26,500	25,148	(1,352)
Miscellaneous revenue.....	15,000	15,000	68,797	53,797
Accident reports.....	1,400	1,400	1,337	(63)
Data processing revenue.....	22,000	22,000	15,682	(6,318)
In lieu of taxes housing auth.....	13,000	13,000	10,407	(2,593)
Mystic upgrade d/s offset.....	18,800	18,800	18,629	(171)
GIS revenues.....	1,000	1,000	1,151	151
Utility billing revenue offset.....	12,000	12,000	12,000	-
Vehicle use outside jobs.....	32,000	32,000	56,131	24,131
Admin / miscellaneous fees.....	10,000	10,000	11,428	1,428
TOTAL CHARGES FOR SERVICES.....	2,055,000	2,055,000	2,032,339	(22,661)
OTHER FINANCING SOURCES				
Appropriation of fund balance.....	830,300	849,800		(849,800)
Cancellation of prior year encumbrances.....	4,000	4,000	13,621	9,621
Premiums.....			385,955	385,955
Transfers in - sewer assessment fund.....	55,000	55,000		(55,000)
TOTAL OTHER FINANCING SOURCES.....	889,300	908,800	399,576	(509,224)
GRAND TOTAL - REVENUES AND OTHER FINANCING SOURCES.....	\$ 55,276,098	\$ 55,295,598	\$ 55,627,314	\$ 331,716

(Concluded)

TOWN OF STONINGTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
DEPARTMENT OF FIRST SELECTMAN				
OFFICE OF SELECTMAN				
First selectman.....	\$ 90,038	\$ 90,038	\$ 89,953	\$ 85
Second selectman.....	5,854	5,854	5,848	6
Third selectman.....	5,854	5,854	5,848	6
Town attorney.....	50,000	50,000	50,000	-
Expenses (first selectman).....	6,000	6,000	6,000	-
Examination of indices.....	2,500	2,500	2,500	-
Mosquito abatement.....	30,000	30,000	30,000	-
Legal services and courts.....	80,000	59,000	58,666	334
Tree trimming and lighting.....	5,000	400	400	-
Town wide.....	20,000	76,500	82,679	(6,179)
Administrative services.....	7,500	7,500	1,260	6,240
Economic development comm.....	6,866	6,866	6,866	-
TOTAL OFFICE OF SELECTMAN.....	309,612	340,512	340,020	492
PROGRAMS AND AGENCIES				
S.E.A.T.....	4,717	4,717	4,717	-
Secter.....	5,952	5,952	5,952	-
CT conference municipalities.....	11,913	11,913	11,913	-
Southeastern CT council of gov.....	8,437	8,437	8,437	-
Mystic river park public restrooms.....	10,609	10,609	10,609	-
CT council of small towns.....	1,025	1,025	1,025	-
Westerly pops concert.....	2,500	2,500	2,500	-
Affordable housing committee.....	100	100		100
Chamber activities.....	1,000	1,000	432	568
Probate Court.....	6,200	6,200	6,301	(101)
TOTAL PROGRAMS AND AGENCIES.....	52,453	52,453	51,886	567
WATERFRONT COMMISSION				
Clerical services.....	900	900	750	150
Postage.....	75	75	75	-
Consumable supplies.....	25	25	22	3
Miscellaneous.....	75	75		75
TOTAL WATERFRONT COMMISSION.....	1,075	1,075	847	228
PAWCATUCK RIVER HARBOR MANAGEMENT				
Clerical services.....	990	990	180	810
Postage.....	200	200		200
Advertising.....	500	500		500
Consumable supplies.....	400	400		400
Reproduction and printing.....	500	500		500
Miscellaneous.....	305	305		305
TOTAL PAWCATUCK RIVER HARBOR MANAGEMENT.....	2,895	2,895	180	2,715

(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.....	2,500	2,500	4,014	(1,514)
Consumable supplies.....	1,000	1,000	135	865
Trade shows.....	500	500		500
Travel.....	450	450		450
TOTAL ECONOMIC DEVELOPMENT COMMISSION.....	4,650	4,650	4,149	501
EMERGENCY MANAGEMENT				
Emergency management tactical operation director.....	11,358	11,358	11,358	-
Clerical salaries.....	1,645	1,645	1,645	-
Consumable supplies.....	250	250		250
Equipment.....	500	363		363
Dev. of emergency plan.....	1	1		1
Miscellaneous.....	100	100	675	(575)
Furniture and equipment.....	750	750		750
Generator maintenance.....	1	1		1
Water testing.....	400	400		400
Communications.....	1	1		1
R911 maintenance.....	9,000	9,137	10,230	(1,093)
TOTAL EMERGENCY MANAGEMENT.....	24,006	24,006	23,908	98
ELECTIONS				
Referenda/election personnel.....	57,000	47,000	46,079	921
Registrars' salaries.....	31,253	31,253	31,223	30
Postage.....	5,000	5,000	1,228	3,772
Advertising.....	5,000	5,000	5,417	(417)
Consumable supplies.....	2,000	2,000	178	1,822
Telephone.....	4,000	4,000	2,376	1,624
Equipment.....	3,000	3,000	869	2,131
Reproduction & printing.....	500	500	99	401
Professional associations and publications.....	600	600	230	370
Voting canvas.....	500	500	355	145
Miscellaneous.....	1,000	1,000	38	962
Voting machine.....	2,200	2,200	27	2,173
Ballot printing / programming.....	10,000	10,000	5,341	4,659
Facility Rental.....	1,800	1,800		1,800
TOTAL ELECTIONS.....	123,853	113,853	93,460	20,393
TOWN CLERK				
Salary of town clerk.....	63,839	63,839	63,778	61
Clerical salaries.....	83,720	86,050	85,969	81
Longevity.....	2,880	2,880	2,880	-
Postage.....	2,500	2,500	1,000	1,500
Advertising.....	5,500	5,500	6,633	(1,133)
Consumable supplies.....	3,500	3,500	3,580	(80)
Telephone.....	500	500	448	52
Equipment.....	5,000	5,000	2,803	2,197
Professional associations and publications.....	150	150	125	25
Furniture and equipment.....	1	1		1
Training and education.....	1,000	1,000	570	430
Land records and data processing.....	42,000	31,000	30,558	442
Vital statistics.....	450	450	427	23
TOTAL TOWN CLERK.....	211,040	202,370	198,771	3,599

(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 AND REFERENDA				
Town meeting personnel.....	\$ 200	\$ 200	\$	\$ 200
Advertising.....	3,000	3,000	3,142	(142)
TOTAL TOWN MEETING AND REFERENDA.....	3,200	3,200	3,142	58
PAYMENT/OTHER CIVIL DIVISIONS				
Borough of Stonington.....	167,581	167,581	167,581	-
TOTAL DEPARTMENT OF FIRST SELECTMAN.....	900,415	912,645	883,944	28,701
DEPARTMENT OF ADMINISTRATIVE SERVICES				
ADMINISTRATION				
Director of administrative services.....	80,698	80,698	80,622	76
Administrative support staff.....	196,823	197,988	197,714	274
Longevity.....	2,710	2,710	2,710	-
Postage.....	1,000	1,000	984	16
Advertising.....	14,000	10,375	7,682	2,693
Consumable supplies.....	1,400	1,400	1,534	(134)
Reproduction and printing.....	800	800	613	187
Telephone.....	150	150	216	(66)
Equipment.....	5,400	5,400	4,414	986
Professional associations and publications.....	4,000	4,000	1,883	2,117
Seminars and programs (trng/ed).....	750	750		750
Database expenses.....	6,670	6,670	10,108	(3,438)
Miscellaneous.....	700	700	407	293
Memorial observances.....	7,500	7,500	7,543	(43)
Columbus day observances.....	5,000	5,000	5,000	-
Furniture and equipment.....	1,500	1,500	1,500	-
Training and education.....	2,000	2,000	100	1,900
TOTAL ADMINISTRATION.....	331,101	328,641	323,030	5,611
INFORMATION SYSTEMS				
IT manager.....	69,062	69,062	68,884	178
Longevity.....	150	150	150	-
GIS.....	27,500	27,775	27,775	-
Postage.....	300	300	107	193
Consumable supplies.....	1,500	1,500	1,500	-
Reproduction and printing.....	50	50	50	-
Telephone.....	1,500	1,500	1,331	169
Professional associations and publications.....	250	250	250	-
Equipment and licensing.....	30,040	33,665	33,847	(182)
Internet hosting expense.....	4,225	4,225	4,390	(165)
Miscellaneous.....	50	50	50	-
Training and education.....	2,000	2,045	2,045	-
Telecommunications.....	53,000	53,173	53,173	-
Technical assistance.....	5,000	5,000	5,000	-
TOTAL INFORMATION SYSTEMS.....	194,627	198,745	198,552	193

(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.....	\$ 8,750	\$ 8,257	\$ 6,100	\$ 2,157
Labor negotiations.....	50,000	30,294	54,528	(24,234)
Pension plan.....	591,101	591,101	591,101	-
Social security.....	431,869	399,869	399,592	277
Unemployment.....	40,000	35,000	16,157	18,843
Heart and hypertension.....	33,652	33,652	33,781	(129)
Employee assistance program.....	2,200	2,200	580	1,620
Employee screening.....	700	700	210	490
Additional manpower.....	5,000	4,739	1,592	3,147
Employee travel expense.....	23,000	23,000	17,035	5,965
Accrued leave payout.....	12,480	12,480	12,480	-
Retiree health care.....	55,000	55,000	54,914	86
Health insurance.....	1,519,647	1,519,647	1,519,732	(85)
Life insurance.....	20,000	20,000	20,524	(524)
Pension plan funding contrib.....	222,500	222,500	222,500	-
TOTAL HUMAN RESOURCES.....	3,015,899	2,958,439	2,950,826	7,613
HEALTH OFFICER, SANITATION AND EMS				
Health officer salaries.....	23,353	23,353	23,331	22
Sanitarian salaries.....	67,515	67,617	67,616	1
Longevity.....	300	300	300	-
Expenses.....	1,575	1,473	562	911
Clothing allowance.....	400	400	400	-
Furniture and equipment.....	500	500		500
Training and education.....	500	500		500
Stonington ambulance.....	15,000	15,000	15,000	-
Mystic river ambulance.....	15,000	15,000	15,000	-
Westerly ambulance.....	15,000	15,000	15,000	-
TOTAL HEALTH OFFICER, SANITATION AND EMS.....	139,143	139,143	137,209	1,934
COMMUNITY DEVELOPMENT				
Clerical salaries.....	27,049	27,310	27,310	-
TOTAL DEPARTMENT OF ADMINISTRATIVE SERVICES.....	3,707,819	3,652,278	3,636,927	15,351
FINANCE DEPARTMENT				
FINANCE OFFICE				
Director of finance.....	99,904	99,904	99,810	94
Senior accountant.....	75,668	75,668	75,594	74
Clerical salaries.....	131,640	135,279	135,030	249
Longevity.....	3,960	3,960	4,020	(60)
Postage.....	2,600	2,600	2,542	58
Consumable supplies.....	2,500	2,500	3,356	(856)
Reproduction and printing.....	700	700	695	5
Telephone.....	150	150	154	(4)
Professional associations and publications.....	800	800	835	(35)
Payroll services.....	27,298	27,626	30,037	(2,411)
Equipment and software support.....	20,000	20,000	16,756	3,244
Finance - technical and professional services.....	3,100	2,772	2,566	206
Training and education.....	400	400	290	110
TOTAL FINANCE OFFICE.....	368,720	372,359	371,685	674

(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.....	\$ 79,652	\$ 79,652	\$ 79,574	\$ 78
Assistant assessor.....	59,425	59,425	59,367	58
Clerical salaries.....	83,720	86,050	86,050	-
Longevity.....	4,820	4,820	4,820	-
Postage.....	1,564	1,564	2,064	(500)
Consumable supplies.....	1,950	1,950	1,765	185
Reproduction and printing.....	1,700	1,700	1,835	(135)
Telephone.....	1,490	1,490	83	1,407
Equipment.....	425	425	425	-
Professional associations and publications.....	2,035	2,035	2,104	(69)
Database expenses.....	13,760	13,760	13,600	160
Miscellaneous.....	1,401	1,062	953	109
Furniture and equipment.....	1	1		1
Training and education.....	1,500	1,839	1,839	-
Special audit pers. property.....	3,200	3,200	3,200	-
TOTAL ASSESSOR'S OFFICE.....	256,643	258,973	257,679	1,294
BOARD OF ASSESSMENT APPEALS				
Expenses.....	2,325	2,325	1,953	372
OFFICE OF THE TREASURER				
Salary of treasurer.....	3,642	3,642	3,638	4
Expenses.....	100	100		100
TOTAL OFFICE OF THE TREASURER.....	3,742	3,742	3,638	104
OFFICE OF THE TAX COLLECTOR				
Salary of tax collector.....	63,839	63,839	63,778	61
Clerical salaries.....	81,172	83,366	80,960	2,406
Longevity.....	400	400	400	-
Postage.....	13,250	13,250	13,202	48
Advertising.....	1,500	1,500	1,401	99
Consumable supplies.....	1,200	1,200	1,254	(54)
Reproduction and printing.....	6,500	6,500	6,150	350
Telephone.....	250	250	81	169
Equipment.....	4,250	4,250	4,195	55
Professional associations and publications.....	150	150	125	25
Miscellaneous.....	100	100		100
Training and education.....	550	550	378	172
DMV delinquent reporting.....	4,302	4,302	4,303	(1)
TOTAL OFFICE OF THE TAX COLLECTOR.....	177,463	179,657	176,227	3,430
BOARD OF FINANCE				
Clerical salaries.....	2,000	2,000	1,400	600
Advertising.....	1,000	1,000	475	525
Professional services.....	2,000	2,000	2,239	(239)
Accounting and auditing.....	62,000	62,000	62,000	-
Special audit.....	5,000	5,000	5,000	-
GASB 45.....	90,000	90,000	90,000	-
TOTAL BOARD OF FINANCE.....	162,000	162,000	161,114	886
RISK MANAGEMENT				
Risk management stipend.....	2,000	2,000	2,000	-
Property and liability insurance.....	510,000	510,000	505,171	4,829
Claims and damages.....	10,000	10,000	8,879	1,121
Dog damages.....	1	1		1
Safety program.....	2,500	2,500	1,302	1,198
TOTAL RISK MANAGEMENT.....	524,501	524,501	517,352	7,149
TOTAL FINANCE DEPARTMENT.....	1,495,394	1,503,557	1,489,648	13,909

(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 1992 G.O. sewer (phase v).....	\$ 31,433	\$ 31,433	\$ 31,433	\$ -
Series 1998 clean water (mys).....	9,019	9,019	9,019	-
Series 2000 clean water (mys).....	9,001	9,001	9,001	-
Series 2003 G.O. bonds (high sch).....	127,094	70,424	70,422	2
Series 2004 G.O. bonds (high sch).....	356,530	211,990	211,990	-
Series 2005 G.O. bonds (hi sch ren).....	284,375	173,125	173,125	-
Series 2007 G.O. bonds.....	132,077	92,387	92,382	5
Series 2009 refunding.....	193,225	193,225	193,225	-
TOTAL DEBT SERVICE INTEREST.....	1,142,754	790,604	790,597	7
DEBT SERVICE PRINCIPAL				
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).....	71,345	71,345	71,345	-
Series 2003 G.O. bonds (high sch).....	275,000	275,000	275,000	-
Series 2004 G.O. bonds (high sch).....	710,000	710,000	710,000	-
Series 2005 G.O. bonds (hi sch ren).....	500,000	500,000	500,000	-
Series 2007 G.O. bonds.....	360,000	360,000	360,000	-
Series 2009 refunding.....	770,000	770,000	770,000	-
Bonding costs.....	6,000	6,000		6,000
TOTAL DEBT SERVICE PRINCIPAL.....	3,262,500	3,262,500	3,256,499	6,001
TOTAL DEBT SERVICE.....	4,405,254	4,053,104	4,047,096	6,008
DEPARTMENT OF PLANNING				
PLANNING OFFICE				
Director of planning.....	87,052	18,349	18,268	81
Planner.....	70,939	70,939	70,870	69
Zoning enforcement officer.....	31,194	32,213	32,212	1
Inland wetland enf. officer.....	25,292	25,292	25,287	5
Clerical salaries.....	83,720	87,534	87,534	-
Clerical meetings.....	5,500	5,500	4,400	1,100
Longevity.....	2,180	3,180	3,180	-
Consumable supplies.....	2,500	2,500	1,589	911
Reproduction and printing.....	5,000	5,000	861	4,139
Telephone.....	500	500	66	434
Equipment.....	3,000	3,000	2,525	475
Professional associations and publications.....	1,200	1,200	1,456	(256)
Prof services.....	5,000	5,000	3,867	1,133
FEMA CRS community outreach.....	3,000	3,000	3,000	-
Furniture and equipment.....	1,000	1,000		1,000
Training and education.....	2,500	2,500	130	2,370
TOTAL PLANNING OFFICE.....	329,577	266,707	255,245	11,462
PLANNING AND ZONING COMMISSION				
Postage.....	7,500	7,500	2,000	5,500
Advertising and court steno.....	20,000	20,000	17,786	2,214
TOTAL PLANNING AND ZONING COMMISSION.....	27,500	27,500	19,786	7,714
ZONING BOARD OF APPEALS				
Postage.....	1,450	1,450	750	700
Advertising.....	11,000	11,000	9,571	1,429
TOTAL ZONING BOARD OF APPEALS.....	12,450	12,450	10,321	2,129

(Continued)

SCHEDULE 2
(7 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
CONSERVATION COMMISSION				
Professional associations and publications.....	\$ 600	\$ 600	\$ 1,386	\$ (786)
Barn island field trips.....	3,500	3,500	2,707	793
TOTAL CONSERVATION COMMISSION.....	4,100	4,100	4,093	7
INLAND WETLANDS COMMISSION				
Postage.....	900	900	200	700
Advertising.....	5,000	5,000	4,343	657
TOTAL INLAND WETLANDS COMMISSION.....	5,900	5,900	4,543	1,357
TOTAL DEPARTMENT OF PLANNING.....	379,527	316,657	293,988	22,669
DEPARTMENT OF PUBLIC WORKS				
HIGHWAY DEPARTMENT				
Public works director.....	94,600	94,600	94,511	89
Labor salaries.....	1,016,195	991,234	990,198	1,036
Highway supervisor.....	73,032	73,032	70,679	2,353
Clerical salaries.....	20,930	21,513	21,508	5
Longevity.....	18,570	18,570	18,570	-
Postage.....	750	750	749	1
Consumable supplies.....	2,325	2,325	2,068	257
Telephone.....	1,000	1,000	460	540
Hardware.....	13,000	13,000	12,490	510
Miscellaneous.....	1,250	1,250	1,167	83
Unleaded gasoline.....	6,500	6,500	15,228	(8,728)
Diesel fuel.....	66,800	66,800	50,226	16,574
Oil and lubrication.....	4,500	4,500	3,949	551
Repairs and maintenance (gas sys).....	2,000	2,000	1,237	763
Repairs and maintenance.....	110,000	116,027	116,008	19
Miscellaneous materials.....	1,250	1,250	1,632	(382)
Bituminous concrete.....	30,000	30,000	30,000	-
Drainage materials.....	12,000	12,000	12,128	(128)
Sand and gravel.....	25,600	25,600	25,071	529
Lumber.....	7,500	7,500	7,147	353
Pavement treatments.....	319,000	1,281,230	1,281,603	(373)
Safety and protective.....	13,000	13,000	14,124	(1,124)
Land damage.....	700	700	1,889	(1,189)
Sidewalk repairs.....	60,000	82,670	82,670	-
Street signs.....	8,500	8,500	8,701	(201)
Tree trimming.....	12,500	12,500	12,500	-
Tree removal.....	12,000	12,000	19,056	(7,056)
Clothing allowance.....	9,600	9,600	9,600	-
Training and education.....	2,500	2,500	3,000	(500)
Highway equipment.....	12,250	17,652	20,084	(2,432)
Road maintenance.....	10,000	10,000	8,736	1,264
Material disposal.....	10,000	10,000	1,925	8,075
Cemetery upkeep.....	3,000	3,000	1,971	1,029
Catch basin cleaning dep mndt.....	17,000	17,000	17,364	(364)
Garage diagnostic equip and tool.....	2,000	2,000	1,914	86
Leaf program.....	10,000	10,000	5,837	4,163
Snow removal labor.....	120,000	53,856	53,856	-
Materials.....	12,000	9,944	9,943	1
Meal allowance.....	4,900	1,732	1,732	-
TOTAL HIGHWAY DEPARTMENT.....	2,146,752	3,047,335	3,031,531	15,804

(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.....	\$ 74,873	\$ 74,873	\$ 74,796	\$ 77
General labor.....	326,848	326,848	322,169	4,679
Clerical salaries.....	41,860	43,025	43,002	23
Longevity.....	4,700	4,700	4,700	-
Postage.....	2,500	2,500	2,500	-
Advertising.....	800	800		800
Consumable supplies.....	750	750	826	(76)
Reproduction and printing.....	1,000	1,000	59	941
Equipment.....	100	100		100
Professional associations and publications.....	100	100	100	-
Clothing allowance.....	3,150	3,150	3,100	50
Training and education.....	1	1		1
Unleaded gasoline.....	6,000	6,000	4,942	1,058
Diesel fuel.....	9,500	9,500	7,963	1,537
Road maintenance.....	2,000	2,000	375	1,625
Utilities.....	6,500	6,500	4,867	1,633
General operations.....	62,000	50,000	49,012	988
Parts and labor.....	28,000	28,000	23,729	4,271
Leased property.....	1	1		1
Grading and seeding.....	500	500		500
Water testing and monitoring.....	30,000	30,000	21,415	8,585
Cap maintenance.....	5,000	5,000	1,986	3,014
Disposal fees (SCRRA).....	780,000	718,100	718,100	-
Residential collection (SCRRA).....	470,000	455,900	455,863	37
Comm coll and rentals (SCRRA).....	690,000	458,600	458,581	19
SCRRA consulting.....	1	1		1
SCRRA contribution.....	1	1		1
Diesel fuel (SCRRA transport).....	22,000	22,000	15,033	6,967
Repairs and maint (SCRRA trans).....	15,000	15,000	6,859	8,141
SCRRA receptacle costs.....	100,000	82,850	82,724	126
Furniture and equipment.....	1	1		1
TOTAL SANITATION AND WASTE REMOVAL.....	2,683,186	2,347,801	2,302,701	45,100
ENGINEERING SERVICES				
Town engineer.....	79,955	79,955	79,877	78
Clerical salaries.....	20,930	21,513	21,565	(52)
Longevity.....	920	920	920	-
Professional services.....	9,000	9,000	8,990	10
Phase II stormwater req.....	1,000	1,000	187	813
Expenses.....	2,500	2,500	2,355	145
TOTAL ENGINEERING SERVICES.....	114,305	114,888	113,894	994
OPERATIONAND& MAINTENANCE TOWN BLD/PROP				
Janitorial/maintenance salary.....	50,472	50,472	50,472	-
Longevity.....	250	250	250	-
Heating oil.....	65,150	52,962	38,080	14,882
Electricity.....	143,950	127,990	126,156	1,834
Water.....	5,901	5,901	4,914	987
Sewer use.....	2,390	2,202	1,568	634
General maintenance.....	132,250	174,426	172,180	2,246
Street lighting.....	242,000	228,160	228,159	1
TOTAL OPERATION AND MAINTENANCE TOWN BLD/PROP.....	642,363	642,363	621,779	20,584

(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.....	\$ 76,107	\$ 76,601	\$ 76,600	\$ 1
Clerical salaries.....	20,930	21,562	21,561	1
Longevity.....	1,120	1,120	1,120	-
Postage.....	500	500	500	-
Consumable supplies.....	700	700	213	487
Reproduction and printing.....	1,000	1,000	250	750
Telephone.....	300	300	72	228
Equipment.....	4,000	4,000	3,252	748
Professional associations and publications.....	2,000	1,457	773	684
Clothing allowance.....	400	400	400	-
Training and education.....	500	500	80	420
Furniture and equipment.....	1	1		1
Technical assistance.....	1,000	1,000	877	123
TOTAL BUILDING OFFICIAL.....	108,558	109,141	105,698	3,443
WATER POLLUTION CONTROL AUTHORITY				
Clerical salaries.....	63,290	65,038	64,502	536
Longevity.....	2,400	2,400	2,400	-
Postage.....	5,500	5,500	5,500	-
Advertising.....	1	1		1
Consumable supplies.....	2,500	2,500	2,321	179
Reproduction and printing.....	2,500	2,500	921	1,579
Telephone.....	100	100	84	16
Equipment.....	5,000	5,000	4,200	800
TOTAL WATER POLLUTION CONTROL AUTHORITY.....	81,291	83,039	79,928	3,111
TOTAL DEPARTMENT OF PUBLIC WORKS.....	5,776,455	6,344,567	6,255,531	89,036
POLICE DEPARTMENT				
POLICE SERVICES				
Salary of chief.....	99,604	99,604	99,480	124
Salary of captain.....	93,298	93,298	93,182	116
Salary of lieutenants.....	161,832	161,832	160,486	1,346
Salary of sergeants.....	439,334	439,334	437,923	1,411
Salary of regular officers.....	1,694,877	1,596,377	1,556,656	39,721
Janitorial/maintenance salary.....	68,726	68,726	68,152	574
Boating safety personnel.....	12,000	12,000	11,212	788
Training personnel services.....	72,000	72,000	67,312	4,688
Communications specialist.....	335,594	292,594	291,677	917
Communications specialist overtime.....	19,000	19,000	18,152	848
Communications specailist uniforms.....	3,600	3,600	3,150	450
Community service officers.....	19,000	25,000	19,900	5,100
Special officers.....	14,000	16,500	13,187	3,313
Police commission clerical.....	4,500	4,500	1,475	3,025
School crossing guards.....	44,153	44,153	39,830	4,323
Animal control salaries.....	51,488	51,488	51,085	403
Clerical salaries.....	120,047	120,047	119,794	253
Regular overtime.....	135,000	135,000	128,536	6,464
Longevity.....	39,880	39,880	35,440	4,440
Postage.....	3,000	3,000	1,971	1,029
Advertising.....	1,500	1,500	1,619	(119)
Consumable supplies.....	16,000	16,000	11,929	4,071
Reproduction and printing.....	5,000	5,000	4,579	421
Equipment.....	12,000	12,000	11,475	525
Professional associations and publications.....	1,500	1,500	1,442	58
Miscellaneous.....	7,000	7,000	6,410	590
Canine program.....	4,000	4,000	868	3,132
Furniture and equipment.....	3,000	3,000	2,899	101
Telecommunications.....	89,000	89,000	84,391	4,609
Retirement fund.....	550,000	550,000	531,307	18,693
Physicals.....	5,500	5,500	7,019	(1,519)
Educational incentive.....	6,000	6,000	354	5,646
Regular officers - uniforms.....	24,000	24,000	22,771	1,229
Special officers - uniforms.....	1,000	1,000	222	778

(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.....	\$ 5,500	\$ 5,500	\$ 5,149	\$ 351
Service officer's equipment.....	1,500	1,500	1,129	371
Boating safety expenses.....	8,500	8,500	8,092	408
Building maintenance.....	19,000	19,000	18,466	534
Maintenance/operations/radios.....	6,500	6,500	4,262	2,238
Traffic signs and signals.....	42,000	42,000	41,204	796
Law enforcement council.....	12,130	12,130	12,130	-
Drug program.....	5,500	5,500	5,454	46
Paid holidays.....	121,000	121,000	115,291	5,709
Postage.....	180	180	180	-
Advertising.....	1,000	1,000	183	817
Consumable supplies.....	300	300		300
Miscellaneous.....	750	750	724	26
Consumable supplies.....	5,500	5,500	5,241	259
Miscellaneous.....	1,000	1,000	1,000	-
Training.....	14,000	14,000	14,093	(93)
Telephone.....	600	600	538	62
Clothing allowance.....	1,000	1,000	600	400
Equipment (emergency vehicles).....	6,000	6,000	5,592	408
Unleaded gasoline.....	94,000	94,000	87,995	6,005
Oil and lubrication.....	3,000	3,000	1,480	1,520
Parts and labor.....	39,000	25,000	24,691	309
Tires.....	6,500	6,500	6,435	65
TOTAL POLICE SERVICES.....	4,550,893	4,403,893	4,265,814	138,079
DEPARTMENT OF HUMAN SERVICES				
OFFICE OF HUMAN SERVICES				
Human services director.....	77,205	77,205	77,133	72
Social services administrator.....	59,817	59,817	59,758	59
Youth and family serv. adm.....	55,563	55,563	55,509	54
Human services program coor.....	33,270	33,270	33,489	(219)
Youth services program coor.....	16,415	16,415	16,414	1
Counseling services.....	36,000	36,000	35,412	588
Clerical salaries.....	57,768	58,824	57,453	1,371
Longevity.....	1,900	1,900	1,900	-
Postage.....	1,500	1,500	1,500	-
Consumable supplies.....	2,500	2,500	2,500	-
Telephone.....	3,500	3,500	3,414	86
Equipment.....	2,700	2,700	2,700	-
Reproduction and printing.....	3,750	3,750	3,750	-
Professional associations and publications.....	1,500	1,500	1,500	-
Youth and family svcs prog exp.....	7,800	7,800	7,702	98
General assistance.....	30,000	30,000	29,094	906
Community safety program.....	1	1		1
Miscellaneous.....	500	500	500	-
Furniture and equipment.....	1,700	1,700	1,700	-
Training and education.....	1,000	1,000	1,000	-
TOTAL OFFICE OF HUMAN SERVICES.....	394,389	395,445	392,428	3,017
COMMISSION ON AGING				
Postage.....	1,500	1,500	1,410	90
Reproduction and printing.....	1,100	1,100	1,100	-
Program expense.....	2,200	2,200	2,276	(76)
TOTAL COMMISSION ON AGING.....	4,800	4,800	4,786	14

(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.....	\$ 52,426	\$ 52,426	\$ 52,506	\$ (80)
Other salaries.....	14,507	14,507	14,507	-
Consumable supplies.....	2,550	2,550	2,502	48
Telephone.....	600	600		600
Program expense.....	4,200	4,200	4,745	(545)
Equipment and trophies.....	1,600	1,600	2,027	(427)
Parts and labor.....	7,750	27,279	27,300	(21)
Utilities.....	1,500	1,500	1,500	-
Officials and instructors.....	7,594	7,565	7,255	310
Professional assoc / training	900	900	555	345
TOTAL RECREATION.....	93,627	113,127	112,897	230
HOUSING AUTHORITY				
Clerical salaries.....	700	700	400	300
LIBRARIES				
Westerly public library.....	86,810	86,810	86,810	-
Stonington free library.....	115,000	115,000	115,000	-
Mystic and 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 and nursing.....	23,028	23,028	23,028	-
Pawcatuck neighborhood center.....	118,000	118,000	118,000	-
Como senior citizens center.....	40,501	40,501	40,501	-
Mystic area shelter and 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	750	750
Community vocational services.....	1,500	1,500		1,500
T.V.C.C.A.....	1,000	1,000	1,000	-
Stonington prevention council.....	500	500	500	-
New London homeless hospitality.....	1,500	1,500	1,500	-
TOTAL OUTSIDE AGENCIES.....	205,029	205,029	202,779	2,250
TOTAL DEPARTMENT OF HUMAN SERVICES.....	968,355	988,911	983,100	5,811
BOARD OF EDUCATION				
Education expenditures.....	31,758,671	31,758,671	31,758,513	158

(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.....	\$ 892,553	\$ 920,553	\$ 920,553	\$ -
Sewer usage fund.....	290,000	290,000	290,000	-
Miscellaneous fund.....	149,762	149,762	149,762	-
Dog license fund.....	1,000	1,000	1,000	-
TOTAL OTHER FINANCING USES.....	1,333,315	1,361,315	1,361,315	-
GRAND TOTAL - EXPENDITURES AND OTHER FINANCING USES.....	\$ 55,276,098	\$ 55,295,598	\$ 54,975,876	\$ 319,722

(Concluded)

TOWN OF STONINGTON, CONNECTICUT

REPORT OF TAX COLLECTOR
YEAR ENDED JUNE 30, 2012

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2011	CURRENT LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE AND OTHER ADJUSTMENTS	ADJUSTED AMOUNT COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2012
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST AND LIENS	TOTAL	
SUSPENSE	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1995	43			43	9,934	9,934	9,934	5,185	15,119	-
1996	274				-	274			-	274
1997	279				-	279			-	279
1998	508				-	508			-	508
1999	2,524				-	2,524			-	2,524
2000	2,605				-	2,605			-	2,605
2001	2,734				-	2,734			-	2,734
2002	2,754				-	2,754	772	186	958	1,982
2003	3,709				-	3,709	1,605	2,306	3,911	2,104
2004	4,037				(38)	3,999	1,686	2,115	3,801	2,313
2005	6,049		250	125	(221)	5,953	2,420	2,031	4,451	3,533
2006	14,574		220	260	(1,184)	13,350	5,639	2,325	7,964	7,711
2007	39,553			18,765	(1,488)	19,300	3,399	7,764	11,163	15,901
2008	134,658		4,574	24,151	(6,494)	108,587	73,275	30,181	103,456	35,312
2009	679,385		6,992	33,383	(14,508)	638,486	458,019	87,674	545,693	180,467
TOTAL PRIOR YEARS	893,686	-	12,036	76,727	(13,999)	814,996	556,749	139,767	696,516	258,247
2010		49,539,665	57,227	94,231	(14,887)	49,487,774	48,750,829	151,679	48,902,508	736,945
TOTALS	\$ 893,686	\$ 49,539,665	\$ 69,263	\$ 170,958	\$ (28,886)	\$ 50,302,770	\$ 49,307,578	\$ 291,446	\$ 49,599,024	\$ 995,192

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.

SCHEDULE 4

(1 of 4)

TOWN OF STONINGTON, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	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.....	\$ 116,075	\$ 60,927	\$	\$ 3,185	\$ 53,054	\$ 178,237
Investments.....	4,459				83,441	
Receivables:						
Assessments/use charges.....	18,152					
Other.....				40		
Due from other funds.....			162,432	12,636		12,148
TOTAL ASSETS.....	\$ 138,686	\$ 60,927	\$ 162,432	\$ 15,861	\$ 136,495	\$ 190,385
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable.....	\$	\$ 329	\$ 660	\$ 12,596	\$	\$ 7,686
Due to other funds.....		907				
Deferred revenue.....	18,152					
TOTAL LIABILITIES.....	18,152	1,236	660	12,596	-	7,686
FUND BALANCES:						
Restricted.....	120,534		161,772			
Committed.....		59,691			136,495	
Assigned.....				3,265		182,699
TOTAL FUND BALANCES.....	120,534	59,691	161,772	3,265	136,495	182,699
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 138,686	\$ 60,927	\$ 162,432	\$ 15,861	\$ 136,495	\$ 190,385

(Continued)

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

	SPECIAL REVENUE FUNDS					
	COMMUNITY DEVELOPMENT BLOCK GRANT	RECREATION COMMISSION FUND	SEWER USAGE FUND	SEWER INFILTRATION FUND	SEWER DEVELOPMENT AND MAINTEN- ANCE FUND	STATE ASSETS FORFEITURE PROGRAM
ASSETS						
Cash.....	\$ 9,085	\$ 102,467	\$ 298,235	\$ 30,881	\$ 77,123	\$ 4,135
Investments.....			467,650		305,356	
Receivables:						
Loans.....	224,200					
Assessments/use charges.....			1,048,437			
Other.....		93	309			
Due from other funds.....		2,237			1,006	
TOTAL ASSETS.....	\$ 233,285	\$ 104,797	\$ 1,814,631	\$ 30,881	\$ 383,485	\$ 4,135
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable.....	\$ 14,194	\$ 28,591	\$ 195,451	\$	\$ 182	\$
Due to other funds.....	623	5,684	12,154			496
Deferred revenue.....	224,200		793,528			
TOTAL LIABILITIES.....	239,017	34,275	1,001,133	-	182	496
FUND BALANCES:						
Restricted.....						3,639
Committed.....				30,881	383,303	
Assigned.....		70,522	813,498			
Unassigned.....	(5,732)					
TOTAL FUND BALANCES.....	(5,732)	70,522	813,498	30,881	383,303	3,639
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 233,285	\$ 104,797	\$ 1,814,631	\$ 30,881	\$ 383,485	\$ 4,135

(Continued)

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	PLANNING AND DEVELOPING GRANT FUND	HUMAN SERVICES GRANT
ASSETS						
Cash.....	\$ 1,010	\$ 81,915	\$	\$ 100,102	\$	\$
Receivables:						
Intergovernmental.....		29,223		41,518		
Due from other funds.....	496		1,344		69,824	24,937
TOTAL ASSETS.....	\$ 1,506	\$ 111,138	\$ 1,344	\$ 141,620	\$ 69,824	\$ 24,937
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable.....	\$	\$ 3,555	\$	\$	\$	\$
Due to other funds.....		92,372				4,036
Unearned revenue.....		15,211				14,967
TOTAL LIABILITIES.....	-	111,138	-	-	-	19,003
FUND BALANCES:						
Restricted.....	1,506			141,620		5,934
Assigned.....			1,344		69,824	
TOTAL FUND BALANCES.....	1,506	-	1,344	141,620	69,824	5,934
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,506	\$ 111,138	\$ 1,344	\$ 141,620	\$ 69,824	\$ 24,937

(Continued)

SCHEDULE 4
(4 of 4)

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

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	MISCELLANEOUS	TOTAL	CAPITAL NONRECURRING	
ASSETS				
Cash.....	\$ 10,257	\$ 1,126,688	\$ 1,203,280	\$ 2,329,968
Investments.....	387,454	1,248,360	734,095	1,982,455
Receivables:				
Loans.....		224,200		224,200
Assessments/use charges.....		1,066,589		1,066,589
Intergovernmental.....		70,741		70,741
Other.....		442		442
Due from other funds.....	29,880	316,940	25,318	342,258
TOTAL ASSETS.....	\$ 427,591	\$ 4,053,960	\$ 1,962,693	\$ 6,016,653
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable.....	\$ 3,395	\$ 266,639	\$ 21,631	\$ 288,270
Due to other funds.....		116,272		116,272
Deferred revenue.....		1,035,880		1,035,880
Unearned revenue.....	14,940	45,118		45,118
TOTAL LIABILITIES.....	18,335	1,463,909	21,631	1,485,540
FUND BALANCES:				
Restricted.....		435,005		435,005
Committed.....		610,370	1,941,062	2,551,432
Assigned.....	409,256	1,550,408		1,550,408
Unassigned.....		(5,732)		(5,732)
TOTAL FUND BALANCES.....	409,256	2,590,051	1,941,062	4,531,113
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 427,591	\$ 4,053,960	\$ 1,962,693	\$ 6,016,653

(Concluded)

TOWN OF STONINGTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	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.....	31,562	10,471	149,732	9,746	12,500	76,968
Revenues from use of town money and property.....		164			54	443
Other.....				571		16,145
TOTAL REVENUES.....	31,562	10,635	149,732	10,317	12,554	93,556
EXPENDITURES:						
Current:						
General government.....		10,643				60,450
Public safety.....				11,057		
Highway department.....			91,182			
Recreation.....						17,051
Education.....						3,524
TOTAL EXPENDITURES.....	-	10,643	91,182	11,057	-	81,025
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	31,562	(8)	58,550	(740)	12,554	12,531
OTHER FINANCING SOURCES (USES):						
Transfers in.....				1,000		
NET CHANGE IN FUND BALANCES.....	31,562	(8)	58,550	260	12,554	12,531
FUND BALANCES - JULY 1, 2011.....	88,972	59,699	103,222	3,005	123,941	170,168
FUND BALANCES - JUNE 30, 2012.....	\$ 120,534	\$ 59,691	\$ 161,772	\$ 3,265	\$ 136,495	\$ 182,699

(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	SEWER USAGE FUND	SEWER INFILTRATION FUND	SEWER DEVELOPMENT AND MAINTEN- ANCE FUND	STATE ASSETS FORFEITURE PROGRAM
REVENUES:						
Intergovernmental.....	\$ 18,200	\$	\$	\$	\$	\$
Charges for services.....	18,081	98,717	2,120,341		88,160	
Revenues from use of town money and property.....		280	87	80	193	
Other.....		15,500				709
TOTAL REVENUES.....	36,281	114,497	2,120,428	80	88,353	709
EXPENDITURES:						
Current:						
General government.....	42,013					
Public safety.....						709
Sanitation and waste removal.....			2,419,400			
Recreation.....		167,454				
Capital outlay.....					263,734	
TOTAL EXPENDITURES.....	42,013	167,454	2,419,400	-	263,734	709
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(5,732)	(52,957)	(298,972)	80	(175,381)	-
OTHER FINANCING SOURCES (USES):						
Transfers in.....			290,000			
NET CHANGE IN FUND BALANCES.....	(5,732)	(52,957)	(8,972)	80	(175,381)	-
FUND BALANCES - JULY 1, 2011.....		123,479	822,470	30,801	558,684	3,639
FUND BALANCES - JUNE 30, 2012.....	\$ (5,732)	\$ 70,522	\$ 813,498	\$ 30,881	\$ 383,303	\$ 3,639

(Continued)

SCHEDULE 5
(3 of 4)

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	PLANNING AND DEVELOPING GRANT FUND	HUMAN SERVICES GRANT
REVENUES:						
Intergovernmental.....	\$ 496	\$ 899,928	\$	\$ 332,391	\$ 425,335	\$ 40,706
Charges for services.....				570,279		1,816
Revenues from use of town money and property.....	1			372		
Other.....					10,244	
TOTAL REVENUES.....	497	899,928	-	903,042	435,579	42,522
EXPENDITURES:						
Current:						
General government.....						407
Public safety.....	1,600					40,706
Education.....		899,928		908,687	76,599	
TOTAL EXPENDITURES.....	1,600	899,928	-	908,687	76,599	41,113
NET CHANGE IN FUND BALANCES.....	(1,103)	-	-	(5,645)	358,980	1,409
FUND BALANCES - JULY 1, 2011.....	2,609		1,344	147,265	(289,156)	4,525
FUND BALANCES - JUNE 30, 2012.....	\$ 1,506	\$ -	\$ 1,344	\$ 141,620	\$ 69,824	\$ 5,934

(Continued)

SCHEDULE 5
(4 of 4)

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

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	MISCELLANEOUS	TOTAL	CAPITAL NONRECURRING	
REVENUES:				
Intergovernmental.....	\$ 307,811	\$ 2,174,599	\$ 153,032	\$ 2,327,631
Charges for services.....		3,038,641	14,333	3,052,974
Revenues from use of town money and property.....	38	1,712	2,569	4,281
Other.....	13,104	56,273		56,273
TOTAL REVENUES.....	320,953	5,271,225	169,934	5,441,159
EXPENDITURES:				
Current:				
General government.....	3,500	117,013		117,013
Public safety.....	21,779	75,851		75,851
Highway department.....	103,840	195,022		195,022
Sanitation and waste removal.....		2,419,400		2,419,400
Recreation.....		184,505		184,505
Education.....		1,888,738		1,888,738
Capital outlay.....	75,190	338,924	1,181,213	1,520,137
TOTAL EXPENDITURES.....	204,309	5,219,453	1,181,213	6,400,666
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	116,644	51,772	(1,011,279)	(959,507)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	149,762	440,762	920,553	1,361,315
NET CHANGE IN FUND BALANCES.....	266,406	492,534	(90,726)	401,808
FUND BALANCES - JULY 1, 2011.....	142,850	2,097,517	2,031,788	4,129,305
FUND BALANCES - JUNE 30, 2012.....	\$ 409,256	\$ 2,590,051	\$ 1,941,062	\$ 4,531,113

(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
 YEAR ENDED JUNE 30, 2012

	BALANCE JULY 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2012
<u>ASSETS</u>				
CASH:				
Student activity.....	\$ 293,595	\$ 712,839	\$ 732,380	\$ 274,054
Tax sale escrow.....	12,287	7		12,294
Stonington Harbor management	300			300
BOE flex account.....	42,769	94,540	99,539	37,770
TOTAL CASH.....	348,951	807,386	831,919	324,418
INVESTMENTS:				
Tax sale escrow.....	79,446	11		79,457
DUE FROM OTHER FUNDS:				
Stonington Harbor management	23,722	9,111	11,719	21,114
Mystic Harbor management.....	10,628	3,885	6,468	8,045
TOTAL DUE FROM OTHER FUNDS.....	34,350	12,996	18,187	29,159
TOTAL ASSETS.....	\$ 462,747	\$ 820,393	\$ 850,106	\$ 433,034
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
Student activity.....	\$ 293,595	\$ 712,839	\$ 732,380	\$ 274,054
Tax sale escrow.....	91,733	18		91,751
Stonington Harbor management	24,022	9,111	11,719	21,414
Mystic Harbor management.....	10,628	3,885	6,468	8,045
BOE flex account.....	42,769	94,540	99,539	37,770
TOTAL ACCOUNTS PAYABLE.....	\$ 462,747	\$ 820,393	\$ 850,106	\$ 433,034

Trend Information

TABLE 1

TOWN OF STONINGTON, CONNECTICUT

NET ASSETS BY COMPONENT
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
GOVERNMENTAL ACTIVITIES:										
Invested in capital assets, net of related deb	\$ 89,588,921	\$ 88,872,739	\$ 86,773,619	\$ 83,778,472	\$ 79,816,672	\$ 76,810,058	\$ 40,388,037	\$ 42,545,669	\$ 77,574,571	\$ 59,840,525
Restricted for:										
Public safety.....	5,145	6,248								
Highway department.....	161,772	103,222								
Sanitation and waste removal.....	120,534	88,972								
Human services.....	5,934	4,525								
Education.....	141,620	147,265								
Unrestricted.....	21,800,934	18,794,839	16,990,964	16,625,138	16,764,899	15,376,694	10,068,986	2,040,008	(4,377,952)	9,903,143
TOTAL NET ASSETS.....	\$111,824,860	\$108,017,810	\$103,764,583	\$100,403,610	\$ 96,581,571	\$ 92,186,752	\$ 50,457,023	\$ 44,585,677	\$ 73,196,619	\$ 69,743,668

TOWN OF STONINGTON, CONNECTICUT

CHANGES IN NET ASSETS
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES:										
General government.....	\$ 5,853,817	\$ 8,017,134	\$ 8,017,134	\$ 7,022,960	\$ 8,237,984	\$ 4,971,379	\$ 5,753,136	\$ 5,255,537	\$ 5,340,934	\$ 4,875,183
Public safety.....	5,581,519	4,169,223	4,169,223	4,478,444	3,800,209	3,870,184	3,856,009	4,025,412	3,796,997	4,059,715
Highway department.....	3,511,527	3,083,424	3,083,424	2,537,942	2,777,352	2,122,313	2,501,400	2,187,644	2,190,601	2,870,574
Sanitation and waste removal.....	5,326,217	5,178,102	5,178,102	5,504,529	6,124,733	5,612,727	5,904,320	6,637,167	6,990,304	5,078,077
Health and welfare.....	777,536	343,692	343,692	581,805	672,159	658,744	659,279	458,300	563,998	807,174
Library.....	269,810	189,979	189,979	450,316	267,159	267,159	249,159	226,659	229,159	250,159
Recreation.....	297,402	183,653	183,653	153,603	128,473	128,940	114,811	97,177	91,674	109,160
Education.....	37,414,978	36,917,998	36,917,998	35,561,107	33,693,404	33,495,682	30,644,301	25,659,084	27,305,037	31,114,535
Interest expense.....	888,461	1,439,712	1,439,712	2,191,807	1,770,955	1,544,780	1,913,522	1,212,441	1,087,788	1,856,272
TOTAL EXPENSES.....	59,921,267	59,522,917	59,522,917	58,482,513	57,472,428	52,671,908	51,595,937	45,759,421	47,596,492	51,020,849
PROGRAM REVENUES:										
Charges for services:										
General government.....	711,631	803,809	803,809	597,524	968,032	960,447	1,227,325	1,455,818	1,210,692	1,246,672
Public safety.....	77,259	286,534	286,534	184,482	60,581	51,057	44,271	61,888	49,878	40,955
Highway department.....	244,472	256,784	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.....	3,986,437	2,189,143	2,189,143	4,313,708	2,426,694	1,807,170	2,035,506	1,592,512	1,524,597	1,930,327
Health and welfare.....	96,865	33,825	33,825	21,988	5,747	1,035		10,447	12,822	22,972
Library.....		25,385	25,385	5,575						
Recreation.....	113,050	19,328	19,328	95,559	124,812	84,924	49,089	15,393	14,650	46,112
Education.....	601,777	2,308,078	2,308,078	678,522	710,631	735,093	714,953	616,829	663,503	694,596
Operating grants and contributions...	7,436,627	7,386,033	7,386,033	7,086,405	7,019,039	6,590,101	6,155,082	5,375,910	4,383,023	10,239,220
Capital grants and contributions.....	425,334	1,937,799	1,937,799	1,228,228	148,937	327,083	1,869,356	916,594	3,798,219	340,296
TOTAL PROGRAM REVENUES.....	13,693,452	15,246,718	15,246,718	14,641,818	13,981,607	12,928,348	14,432,617	11,250,654	14,095,529	16,846,866
NET EXPENSES:										
Governmental activities.....	(46,227,815)	(44,276,199)	(44,276,199)	(43,840,695)	(43,490,821)	(39,743,560)	(37,163,320)	(34,508,767)	(33,500,963)	(34,173,983)
GENERAL REVENUES:										
Property taxes.....	49,810,644	47,505,735	47,505,735	47,149,126	46,834,683	44,062,398	41,874,197	35,030,427	36,737,170	38,568,533
Investment income.....	167,948	222,137	222,137	408,849	962,047	1,289,267	900,590	286,123	215,225	536,448
Miscellaneous.....	56,273	441,549	441,549	59,729	100,806	262,618	410,855	139,227	3,800	243,051
TOTAL GENERAL REVENUES.....	50,034,865	48,169,421	48,169,421	47,617,704	47,897,536	45,614,283	43,185,642	35,455,777	36,956,195	39,348,032
CHANGE IN NET ASSETS.....	\$ 3,807,050	\$ 3,893,222	\$ 3,893,222	\$ 3,777,009	\$ 4,406,715	\$ 5,870,723	\$ 6,022,322	\$ 947,010	\$ 3,455,232	\$ 5,174,049

TOWN OF STONINGTON, CONNECTICUTSCHEDULE OF DEBT LIMITATION
YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Total tax collections (including interest and lien fees) for current year.....	\$ 49,599,024
Total tax collections (including interest and lien fees of city, borough and all other taxing districts within the Town) for the current year.....	5,192,058
Reimbursement for revenue loss on: Tax relief for elderly freeze.....	7,153
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 54,798,235</u>

DEBT LIMITATION:	GENERAL PURPOSE	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
2 1/4 times base.....	\$ 123,296,029	\$	\$	\$	\$
4 1/2 times base.....		246,592,058			
3 3/4 times base.....			205,493,381		
3 1/4 times base.....				178,094,264	
3 times base.....					164,394,705
TOTAL DEBT LIMITATION.....	<u>123,296,029</u>	<u>246,592,058</u>	<u>205,493,381</u>	<u>178,094,264</u>	<u>164,394,705</u>
INDEBTEDNESS:					
Bonds payable.....	4,655,300	21,849,700	12,360,000		
Fire District Debt.....	3,190,349				
NET INDEBTEDNESS (1).....	<u>7,845,649</u>	<u>21,849,700</u>	<u>12,360,000</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT.....	<u>\$ 115,450,380</u>	<u>\$ 224,742,358</u>	<u>\$ 193,133,381</u>	<u>\$ 178,094,264</u>	<u>\$ 164,394,705</u>

NOTES:

(1) The total of the above net indebtedness amounts to: \$ 42,055,349

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 383,587,645

**Federal
Single
Audit**

TOWN OF STONINGTON, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State Department of Education:			
School Lunch - Cluster:			
School Breakfast Program.....	10.553	12060-20508-82079-170005	\$ 48,776
National School Lunch Program- Cash.....	10.555	12060-20560-80279-170005	205,194
National School Lunch Program- Commodities.....	10.555	12060-20560-80279-170006	31,568
Special Milk Program for Children.....	10.556	12060-20500-82079-170005	2,082
Summer Food Service Program for Children.....	10.559	12060-22051-82079-170005	22,507
Total School Lunch - Cluster.....			310,127
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through State Department of Economic and Community Development:			
Community Development Block Grant/States Program (State Administered Small Cities Program).....	14.228		18,200
U.S. DEPARTMENT OF THE INTERIOR			
Passed through State Department of Energy and Environmental Protection:			
Clean Vessel Act.....	15.616		34,433
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through State Department of Transportation:			
Highway - Cluster:			
Highway Planning and Construction.....	20.205	12602-DOT57151-22108	380,074
ARRA - Highway Planning and Construction.....	20.205	12602-DOT57151-29017	44,846
Total Highway - Cluster.....			424,920
Alcohol Open Container.....	20.607		11,829
Occupant Protection.....	20.602		4,403
Safety Belt Performance Grants.....	20.609		3,976
TOTAL U.S. DEPARTMENT OF TRANSPORTATION.....			445,128
U.S. DEPARTMENT OF ENERGY			
Passed through State Office of Policy and Management:			
ARRA - Energy Efficiency and Conservation Block Grant (EECBG).....	81.128		77,500
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	10,058
Title I Grants to Local Educational Agencies.....	84.010	12060-20679-82070-2011-170002-SDE00005	13,801
Title I Grants to Local Educational Agencies.....	84.010	12060-20679-82070-2012-170002-SDE00005	82,899
Total - Title I Grants to Local Educational Agencies.....	84.010	12060-9010-82070-2009-170002	106,758
ARRA - Title I Grants to Local Educational Agencies.....	84.389	12060-9010-82070-2009-170002	7,233
Total Title I - Cluster.....			113,991
Special Education - Cluster:			
Special Education - Grants to States (IDEA, Part B).....	84.027	12060-20977-82032-2011-170002	52,349
Special Education - Grants to States (IDEA, Part B).....	84.027	12060-20977-82032-2012-170002	493,271
Total Special Education - Grants to States (IDEA, Part B).....	84.027		545,620
Special Education - Preschool Grants (IDEA Preschool).....	84.173	12060-20983-82032-2012-170002	12,722
ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act.....	84.391	12060-29011-82032-2009-170002	1,639
Total Special Education - Cluster.....			559,981

(Continued)

See notes to Schedule of Expenditures of Federal Awards.

TOWN OF STONINGTON, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION (CONTINUED)</u>			
Career and Technical Education - Basic Grants to States.....	84.048	12060-20742-84010-2012-170002	\$ 21,528
ARRA - Education Technology State Grants.....	84.386	12060-29063-82079-2009-170002	1,078
Education Jobs Fund.....	84.410		120,520
Improving Teacher Quality State Grants.....	84.367	12060-20858-84131-2011-170002	7,771
Improving Teacher Quality State Grants.....	84.367	12060-20858-84131-2012-170002	47,715
Total Improving Teacher Quality State Grants.....	84.367		55,486
TOTAL U.S. DEPARTMENT OF EDUCATION.....			872,584
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through State Emergency Management & Homeland Security: Disaster Grants - Public Assistance (Presidentially Declared Disasters).....	97.036		100,599
Passed through State of Connecticut Military Department: Emergency Management Performance Grants.....	97.042	1260-EHS99660-21881	7,335
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			107,934
TOTAL FEDERAL AWARDS.....			\$ 1,865,906

(Concluded)

See notes to Schedule of Expenditures of Federal Awards.

TOWN OF STONINGTON, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

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 \$31,568 of USDA donated commodities under the National School Lunch Program.

TOWN OF STONINGTON, CONNECTICUT

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2012**

There were no prior year audit findings or questioned costs.

TOWN OF STONINGTON, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

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	Special Education Cluster
10.553/10.555/10.556/10.559	School Lunch 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 reported relating to the Federal Awards programs.

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

Board of Finance
Town of Stonington, Connecticut

We have audited 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, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 28, 2012. 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

Management of the Town is responsible for establishing and maintaining effective 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 a 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.

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 28, 2012.

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.

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

New London, Connecticut
December 28, 2012

INDEPENDENT AUDITORS' REPORT 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, 2012. 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, 2012.

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.

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.

CohnReznick LLP

New London, Connecticut
December 28, 2012

TOWN OF STONINGTON, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2012**

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE-CT NUMBER	EXPENDITURES
DEPARTMENT OF EDUCATION:		
Adult Education.....	11000-SDE64000-17030	\$ 18,991
Health Services.....	11000-SDE64000-17034	7,520
School Breakfast Program.....	11000-SDE64000-17046	13,060
Youth Services Bureau.....	11000-SDE64000-17052	19,284
Magnet Schools.....	11000-SDE64000-17057	42,900
Youth Services Enhancement Grant.....	11000-SDE64000-16201	10,286
Child Nutrition State Matching Grant.....	11000-SDE64000-16211	9,994
Healthy Foods Initiative.....	11000-SDE64370-16212	21,718
 DEPARTMENT OF TRANSPORTATION:		
Town Aid Road Grants Transportation Fund.....	12001-DOT57000-17036	149,732
 DEPARTMENT OF ENVIROMENTAL PROTECTION:		
Small Town Economic Assistance Program (STEAP).....	12052-DEP43153-45031	6,222
 OFFICE OF POLICY AND MANAGEMENT:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property.....	11000-OPM20600-17004	22,213
Property Tax Relief for Disabled.....	11000-OPM20600-17011	1,688
Property Tax Relief for Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018	125,707
Property Tax Relief for Elderly Homeowners - Freeze Program.....	11000-OPM20600-17021	7,153
Property Tax Relief for Veterans.....	11000-OPM20600-17024	15,734
Local Capital Improvement Program.....	12050-OPM20600-40254	153,032
 DEPARTMENT OF PUBLIC SAFETY:		
Telecommunications Fund.....	12060-DPS32740-35190	70,000
 CONNECTICUT STATE LIBRARY:		
Historic Documents Preservation Program.....	12060-CSL66091-35150	<u>3,500</u>
 TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS...		 <u>698,734</u>
 <u>EXEMPT PROGRAMS:</u>		
DEPARTMENT OF EDUCATION:		
Transportation of School Children.....	11000-SDE64000-17027	38,565
Education Cost Sharing.....	11000-SDE64000-17041	2,057,251
Excess Cost - Student Based.....	11000-SDE64000-17047	801,361
Nonpublic School Transportation.....	11000-SDE64000-17049	4,572
 OFFICE OF POLICY AND MANAGEMENT:		
Mashantucket Pequot/Mohegan Fund.....	12009-OPM15910-17005	39,466
Municipal Revenue Sharing.....	12060-OPM20600-35458	<u>79,624</u>
 TOTAL EXEMPT PROGRAMS.....		 <u>3,020,839</u>
 GRAND TOTAL STATE FINANCIAL ASSISTANCE.....		 <u><u>\$ 3,719,573</u></u>

See notes to Schedule of Expenditures of State Financial Assistance.

TOWN OF STONINGTON, CONNECTICUT

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2012**

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Stonington, Connecticut, under programs of the State of Connecticut for the fiscal year ended June 30, 2012. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, education, public safety, public works, sanitation and social services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Accounting

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

2. LOAN PROGRAM

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the schedule of expenditures of state financial assistance shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2012.

DEPARTMENT OF ENVIRONMENTAL PROTECTION:

Clean Water Funds 21014-OTT14230-4001:

Grant ID	Issue Date	Interest Rate	Original Amount	July 1, 2011	Balance Retired	Balance June 30, 2012
196-C1	1998	2.0%	\$ 1,563,519	\$ 450,925	\$ 75,154	\$ 375,771
196-CD1	06/30/00	2.0%	1,148,280	<u>450,038</u>	<u>71,345</u>	<u>378,693</u>
				<u>\$ 900,963</u>	<u>\$ 146,499</u>	<u>\$ 754,464</u>

TOWN OF STONINGTON, CONNECTICUT

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2012**

There were no prior year audit findings or questioned costs.

TOWN OF STONINGTON, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

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	State Core-CT Number	Expenditures
<u>OFFICE OF POLICY AND MANAGEMENT:</u>		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	\$ 125,707
Local Capital Improvement Program	12050-OPM20600-40254	\$ 153,032
<u>DEPARTMENT OF TRANSPORTATION:</u>		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	\$ 149,732

II. FINANCIAL STATEMENT FINDINGS

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

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

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

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

Board of Finance
Town of Stonington, Connecticut

We have audited 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, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 28, 2012. 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

Management of the Town is responsible for establishing and maintaining effective 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 a 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.

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 28, 2012.

This report is intended solely for the information and use of management, the Board of Finance, others within the entity, the 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 black ink that reads "CohnReznick LLP". The signature is written in a cursive, flowing style.

New London, Connecticut
December 28, 2012

INDEPENDENT AUDITORS' REPORT 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, 2012. 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, 2012.

Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with 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, the 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.

CohnReznick LLP

New London, Connecticut
December 28, 2012