

**Annual Financial Report**  
**of the**  
**Town of Stonington, Connecticut**  
**Year Ended June 30, 2015**

# Town of Stonington, Connecticut

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## **Introductory Section**

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**Town of Stonington, Connecticut**

**List of Principal Officials  
June 30, 2015**

**Board of Selectmen**

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

**Board of Finance**

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

**Town Departments**

James Sullivan, CPA, Director of Finance  
Paul Cravinho, Treasurer  
William King, Business Manager  
Marsha Standish, Assessor  
Linda Carmelio, Tax Collector  
Dr. Van W. Riley, Superintendent of Schools  
Barbara McKrell, Public Works Director  
Douglas Nettleton, Director - W.P.C.A.  
Cynthia Costa Ladwig, Town Clerk  
J. Darren Stewart, Chief of Police  
Wayne Green, Building Official  
Scot Deledda, Town Engineer  
Vincent Pacileo III, Director of Administrative Services  
John Phetteplace - Solid Waste Manager

**Auditors**

CohnReznick LLP

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## **Financial Section**

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Independent Auditor's Report

Board of Finance  
Town of Stonington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension plan and other post-employment benefit plan schedules on pages 5 to 13 and pages 67 to 76, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stonington, Connecticut's basic financial statements. The introductory section, supplemental schedules and trend information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of Federal awards and the schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Act and are also not a required part of the basic financial statements.

The supplemental schedules, the schedule of expenditures of Federal awards and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules, the schedule of expenditures of Federal awards and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015, on our consideration of the Town of Stonington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stonington, Connecticut's internal control over financial reporting and compliance.

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

Hartford, Connecticut  
December 28, 2015

## **Management's Discussion and Analysis**

### **June 30, 2015**

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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, 2015. Please read it in conjunction with the Town's financial statements immediately following this section.

#### **Financial Highlights**

- ♦ During the fiscal year, the Town implemented GASB 68 related to pensions. GASB 68 required that the net pension liability be recorded on the government-wide financial statements. The result of implementing GASB 68 was a prior period adjustment as of July 1, 2014 to record the net pension liability and related adjustments of \$3,390,018. The current year pension expense was \$2,129,334 and the net pension liability at June 30, 2015 was \$4,233,036.
- ♦ The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$110,561,401 (net position).
- ♦ The Town's total net position decreased by \$1,003,470. The major factors leading to the decrease were year-to-year net increases in expenditures across most departments totaling \$1,263,000, coupled with an overall net decrease in charges for services of \$179,000 across all departments. Operating and capital grants across all departments also decreased significantly by \$1,666,000 and \$203,000 for operating and capital grants, respectively, resulting in a negative net change of \$3,311,000 in net position from prior year, across all departments. This negative change in net position was partially offset by a net increase in general revenues of \$1,611,000, which is comprised of an increase in property taxes over prior year of \$1,778,000 coupled with decreases in unrestricted grants and miscellaneous revenues of \$168,000 below prior year.
- ♦ As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,543,235, a decrease of \$1,865,123 in comparison with the prior year.
- ♦ At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,540,162, or 23.1% of total general fund budgetary expenditures and transfers.
- ♦ The Town of Stonington's total long-term debt decreased by \$436,073 during the current fiscal year. The decrease was due to several factors that include the issuance of \$1,655,000 of general obligation bonds offset by principal payments of \$3,355,866 on current debt and a net increase in the net pension liability of \$1,031,267.

## **Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Stonington's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. The statement of fiduciary net position is used to present financial information about activities for which the Town acts solely as an agent for the benefit of employees and others.

### **Government-wide financial statements**

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

The statement of net position presents information on all of the Town's assets, deferred outflows, liabilities and deferred inflows with the difference between these accounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement are for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, highway department, sanitation and waste removal, 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.



## **Governmental funds (continued)**

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

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

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

## **Proprietary funds**

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

## **Fiduciary funds**

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

## **Notes to financial statements**

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

## **Other information**

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

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

## **Government-Wide Financial Analysis**

### **Town of Stonington, Connecticut Statements of Net Position**

	2015	2014 (as restated)
Current and other assets	\$ 31,174,488	\$ 33,913,641
Capital assets (net)	131,514,812	131,302,418
Total assets	162,689,300	165,216,059
Deferred outflows of resources	3,493,131	2,010,700
Other liabilities	7,973,509	8,034,387
Long-term liabilities	46,783,396	47,627,501
Total liabilities	54,756,905	55,661,888
Deferred inflows of resources	864,125	-
Net position:		
Net investment in capital assets	88,407,197	89,847,001
Restricted	583,674	638,320
Unrestricted	21,570,530	21,079,550
Total net position	\$ 110,561,401	\$ 111,564,871

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$110,561,401 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (80%) reflects its investment in capital assets (e.g., land, construction in progress, land and building improvements, buildings, machinery, equipment, infrastructure and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the Town's net position, 0.5%, represents resources that are subject to external restrictions on how they may be used.

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

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

**Governmental activities****Town of Stonington, Connecticut  
Statements of Changes in Net Position**

	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 5,741,620	\$ 5,920,425
Operating grants and contributions	6,542,596	8,208,821
Capital grants and contributions	200,392	403,710
General revenues:		
Property taxes	53,659,623	51,881,485
Grants and contributions not restricted to specific programs	294,518	417,790
Investment income	194,228	196,867
Miscellaneous	16,464	58,151
Total revenues	66,649,441	67,087,249
Expenses:		
General government	7,453,587	7,433,041
Public safety	5,665,553	5,422,414
Highway department	4,218,571	4,400,717
Sanitation and waste removal	5,324,794	5,743,250
Health and welfare	727,211	725,329
Library	304,810	284,810
Recreation	185,163	171,977
Education	42,278,343	40,881,875
Interest on long-term debt	1,494,879	1,326,010
Total expenses	67,652,911	66,389,423
Increase in net position	(1,003,470)	697,826
Net position - July 1 (as restated)	111,564,871	114,257,063
Restatement for net pension liability	-	(3,390,018)
Net position - June 30	\$ 110,561,401	\$ 111,564,871

For governmental activities, approximately 80.5% of revenues were derived from property taxes, followed by grants and contributions 10.6%, charges for services 8.6% and investment earnings/miscellaneous 0.3%.

Major revenue factors included:

- ♦ Property tax revenues recorded during the fiscal year reflect an increase of 3.4% due to the increase in the mill rate from 19.88 in 2013-14 to 20.43 in 2014-15.

## **Governmental activities (continued)**

For governmental activities, approximately 62.5% of the Town's expenses relates to education, followed by 11.0% to general government, 8.4% to public safety, 7.9% to sanitation and waste removal, 6.2% to highway department, 2.2% to interest on long-term debt, 1.0% to health and welfare, 0.3% to recreation and 0.5% to library.

- ♦ Education expenses in the general fund increased by 3.4% from \$40.9 million to \$42.3 million due to contractual agreements and an increase in the State's on-behalf contribution into the State Teachers' Retirement System.

## **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 \$21,543,235, a decrease of \$1,865,123 in comparison with the prior year. \$13,540,162, or 62.9%, 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 (\$583,674).
2. Committed for Capital Projects, Sewer Assessments, and Sewer Usage (\$4,734,566).
3. Assigned for subsequent year's budget, encumbrances or specific purposes (\$2,684,833).

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 \$13,540,162, while total fund balance reached \$13,971,325. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23.1% of total general fund budgetary expenditures and transfers, while total fund balance represents 23.9% of that same amount.

During the current fiscal year, the fund balance of the Town's general fund increased by \$906,365. The increase was attributable to general revenues exceeding general expenditures by \$2,385,585, which exceeded prior year's figure by \$677,000. Other financing sources (uses) netted to negative \$1,479,220, which was driven mainly by transfers out of \$1,281,434 to the Capital Nonrecurring Fund. The net of these two figures resulted in the current year increase to the general fund, fund balance of \$906,365.

The Bonded Capital Projects Fund had a decrease of \$2,018,415 in its fund balance due to expenditures on WPCA, Road Improvements, and Field Improvement projects, that were bonded for in the previous fiscal years.

### **Proprietary fund**

The Internal Service Fund is the Town's only proprietary fund. Unrestricted net position in the fund at year end was \$3,735,618, a decrease of \$13,210 from the prior year

### **General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was \$513,761. The difference between the original budget and the final budget is due to an additional appropriation approved by the Board of Finance:

- ♦ Transfers out to capital nonrecurring fund of \$125,000 for school security improvements.
- ♦ Additional appropriation of \$168,000 to the highway department to fund deficit in snow removal accounts.
- ♦ Additional appropriation of \$53,000 to the education line item.
- ♦ Additional appropriation of \$121,000 to debt service.
- ♦ Additional appropriations of \$46,500 for various general government departments.

## **Capital Assets and Debt Administration**

### **Capital assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$131,514,812 (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)**

	2015	2014
	<hr/>	<hr/>
Land	\$ 11,028,391	\$ 11,028,391
Construction in progress	18,600,650	15,953,408
Land and building improvements	6,847,353	7,127,994
Buildings	34,945,280	36,224,902
Machinery and equipment	1,550,636	1,706,746
Infrastructure	57,382,359	58,325,165
Vehicles	1,160,143	935,812
	<hr/>	<hr/>
Total	<u>\$ 131,514,812</u>	<u>\$ 131,302,418</u>

The capital assets (net of depreciation) increased in the current year by \$212,394. The increase is due to the construction in progress for the WPCA treatment plants. In the current year, the Town had capital asset additions totaling \$4,042,636. The additions consisted mainly of the following:

- ♦ Wastewater Treatment Facility - \$2.5 million
- ♦ Field renovations - \$150,000
- ♦ (2) Highways trucks - \$320,000
- ♦ Multiple road paving and sidewalk projects - \$860,000.

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

### **Long-term and short-term debt**

At the end of the fiscal year, the Town had bonded debt and clean water loans outstanding of \$42,111,291. All debt is backed by the full faith and credit of the Town.

#### **Town of Stonington, Connecticut Outstanding Debt**

	2015	2014
	<hr/>	<hr/>
General obligation bonds and notes	<u>\$ 42,111,291</u>	<u>\$ 37,227,157</u>

During the current fiscal year, the Town's total bonded debt decreased by \$1,700,866. The increase was due to the issuance of \$1,655,000 of bonds offset by principal payments of \$3,355,866 on outstanding bonded debt.

In February 2014, Moody's upgraded the Town's credit rating from a "Aa2" to a "Aa1" for general obligation debt.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$406,944,195, which is significantly in excess of the Town's outstanding general obligation debt.

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

### **Economic Factors and Next Year's Budgets and Rates**

As of June 2015, the unemployment rate not seasonally adjusted for the Town was at 4.5%, which compares favorably to the state's average unemployment rate of 5.5% and a national unemployment rate of 5.2%.

### **Requests for Information**

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

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## **Basic Financial Statements**

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**Town of Stonington, Connecticut**

**Statement of Net Position  
June 30, 2015**

	<u>Assets</u>	<u>Governmental Activities</u>
Current assets:		
Cash		\$ 14,344,686
Investments		13,592,786
Receivables:		
Property taxes		762,626
Loans		224,200
Assessments/user charges		807,576
Intergovernmental		818,623
Other		358,497
Other		20,087
		<hr/>
Total current assets		30,929,081
		<hr/>
Noncurrent assets:		
Receivables (net):		
Property taxes		104,201
Assessments/user charges		141,206
		<hr/>
Total receivables (net)		245,407
		<hr/>
Capital assets (net of accumulated depreciation):		
Land		11,028,391
Construction in progress		18,600,650
Land and building improvements		6,847,353
Buildings		34,945,280
Machinery and equipment		1,550,636
Infrastructure		57,382,359
Vehicles		1,160,143
		<hr/>
Total capital assets		131,514,812
		<hr/>
Total noncurrent assets		131,760,219
		<hr/>
Total assets		162,689,300
		<hr/>
	<u>Deferred Outflows of Resources</u>	
Deferred outflows related to pensions		2,061,620
Deferred charges on refunding		1,431,511
		<hr/>
Total deferred outflows of resources		3,493,131
		<hr/>

(Continued)

**Town of Stonington, Connecticut**

**Statement of Net Position**  
**June 30, 2015**

	<u>Governmental Activities</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 2,987,529
Accrued payroll and related liabilities	271,855
Accrued interest payable	429,563
Unearned revenue	171,802
Internal balances	56,608
Bonds and notes payable	3,722,380
Compensated absences	308,772
Landfill postclosure costs	25,000
	<hr/>
Total current liabilities	7,973,509
	<hr/>
Noncurrent liabilities:	
Bonds, notes, and related liabilities	40,574,575
Compensated absences	1,235,088
Landfill postclosure costs	225,000
Heart and hypertension	498,814
Net pension liability	4,233,036
Net OPEB liability	16,883
	<hr/>
Total noncurrent liabilities	46,783,396
	<hr/>
Total liabilities	54,756,905
	<hr/>
<u>Deferred Inflows of Resources</u>	
Deferred inflows related to pensions	864,125
	<hr/>
<u>Net Position</u>	
Net investment in capital assets	88,407,197
Restricted for:	
Public safety	5,125
Highway department	280,488
Sanitation and waste removal	181,673
Human services	10,133
Education	106,255
Unrestricted	21,570,530
	<hr/>
Total net position	\$ 110,561,401
	<hr/>

(Concluded)

## Town of Stonington, Connecticut

Statement of Activities  
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 7,453,587	\$ 729,068	\$ 48,077	\$ -	\$ (6,676,442)
Public safety	5,665,553	49,590	96,336	-	(5,519,627)
Highway department	4,218,571	277,393	-	200,392	(3,740,786)
Sanitation and waste removal	5,324,794	3,967,686	-	-	(1,357,108)
Health and welfare	727,211	79,759	35,150	-	(612,302)
Library	304,810	-	-	-	(304,810)
Recreation	185,163	111,142	19,373	-	(54,648)
Education	42,278,343	526,982	6,343,660	-	(35,407,701)
Interest expense	1,494,879	-	-	-	(1,494,879)
Total governmental activities	<u>\$ 67,652,911</u>	<u>\$ 5,741,620</u>	<u>\$ 6,542,596</u>	<u>\$ 200,392</u>	<u>\$ (55,168,303)</u>
General revenues:					
Property taxes					\$ 53,659,623
Grants and contributions not restricted to specific programs					294,518
Investment income					194,228
Miscellaneous					16,464
Total general revenues					<u>54,164,833</u>
Change in net position					(1,003,470)
Net position - July 1, 2014 (as restated)					<u>111,564,871</u>
Net position - June 30, 2015					<u>\$ 110,561,401</u>

See Notes to Financial Statements.

Town of Stonington, Connecticut

Balance Sheet  
Governmental Funds  
June 30, 2015

	General	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 6,497,910	\$ -	\$ 5,106,100	\$ 11,604,010
Investments	13,582,784	-	10,002	13,592,786
Receivables, net:				
Property taxes	724,111	-	-	724,111
Loans	-	-	224,200	224,200
Assessments/use charges	-	-	948,782	948,782
Intergovernmental	196,602	550,000	72,021	818,623
Other	354,845	-	3,652	358,497
Due from other funds	1,141,487	3,180,493	816,861	5,138,841
Other assets	20,087	-	-	20,087
Total assets	<u>\$ 22,517,826</u>	<u>\$ 3,730,493</u>	<u>\$ 7,181,618</u>	<u>\$ 33,429,937</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,998,959	\$ 336,012	\$ 157,558	\$ 2,492,529
Accrued payroll and related liabilities	271,855	-	-	271,855
Due to other funds	5,506,087	850,755	328,549	6,685,391
Unearned revenue	4,034	-	167,768	171,802
Total liabilities	<u>7,780,935</u>	<u>1,186,767</u>	<u>653,875</u>	<u>9,621,577</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue-property taxes	580,054	-	-	580,054
Unavailable revenue-sewer charges and assessments	-	-	725,359	725,359
Unavailable revenue-loans receivable	-	-	224,200	224,200
Unavailable revenue-intergovernmental receivable	185,512	550,000	-	735,512
Total deferred inflows of resources	<u>765,566</u>	<u>550,000</u>	<u>949,559</u>	<u>2,265,125</u>
<u>Fund Balances</u>				
Restricted	-	-	583,674	583,674
Committed	-	1,993,726	2,740,840	4,734,566
Assigned	431,163	-	2,253,670	2,684,833
Unassigned	13,540,162	-	-	13,540,162
Total fund balances	<u>13,971,325</u>	<u>1,993,726</u>	<u>5,578,184</u>	<u>21,543,235</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,517,826</u>	<u>\$ 3,730,493</u>	<u>\$ 7,181,618</u>	<u>\$ 33,429,937</u>

(Continued)

**Town of Stonington, Connecticut**  
**Reconciliation of Fund Balances**  
**to Net Position of Governmental Activities**  
**June 30, 2015**

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balances (Exhibit C, Page 1)	\$ 21,543,235
---	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets and current additions	135,345,054
Depreciation expense	(3,817,646)
Disposal of capital assets	(12,596)

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

Property tax interest and lien accrual	194,716
Allowance for doubtful accounts	(52,000)
Deferred outflows related to pensions	2,061,620

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

Property tax, sewer assessments and CDBG loan receivable-accrual basis change	1,529,613
Intergovernmental receivable-accrual basis change	735,512

Internal service funds are used by management to charge the cost of medical insurance premiums to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	3,735,618
---	-----------

Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bond, BAN's and notes payable	(42,111,291)
Premiums	(2,185,664)
Deferred charges on refunding	1,431,511
Compensated absences	(1,543,860)
Landfill postclosure costs	(250,000)
Heart and hypertension	(498,814)
Net OPEB liability	(16,883)
Net pension liability	(4,233,036)
Accrued interest payable	(429,563)
Deferred inflows related to pensions	(864,125)

Net position of governmental activities	\$ 110,561,401
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(Concluded)

## Town of Stonington, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2015**

	General	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 53,836,879	\$ -	\$ -	\$ 53,836,879
Intergovernmental	5,473,746	-	1,563,760	7,037,506
Charges for services	2,746,774	-	3,065,805	5,812,579
Income from investments	189,134	-	4,496	193,630
Other	-	-	16,464	16,464
Total revenues	<u>62,246,533</u>	<u>-</u>	<u>4,650,525</u>	<u>66,897,058</u>
Expenditures:				
Current:				
General government	7,266,648	-	114,397	7,381,045
Public safety	4,616,011	-	156,790	4,772,801
Highway department	2,480,175	-	200,392	2,680,567
Sanitation and waste removal	2,385,461	-	2,331,388	4,716,849
Human services	312,949	-	-	312,949
Social services	255,329	-	-	255,329
Recreation	91,093	-	94,070	185,163
Libraries	304,810	-	-	304,810
Payments to other civic divisions	175,700	-	-	175,700
Education	37,234,199	-	1,739,308	38,973,507
Debt service	4,738,573	120,917	-	4,859,490
Capital outlay	-	3,552,498	2,387,375	5,939,873
Total expenditures	<u>59,860,948</u>	<u>3,673,415</u>	<u>7,023,720</u>	<u>70,558,083</u>
Excess (deficiency) of revenues over expenditures	<u>2,385,585</u>	<u>(3,673,415)</u>	<u>(2,373,195)</u>	<u>(3,661,025)</u>
Other financing sources (uses):				
Issuance of debt	-	1,655,000	-	1,655,000
Premiums	140,902	-	-	140,902
Transfers in	45,000	-	1,715,122	1,760,122
Transfers out	(1,665,122)	-	(95,000)	(1,760,122)
Net other financing sources (uses)	<u>(1,479,220)</u>	<u>1,655,000</u>	<u>1,620,122</u>	<u>1,795,902</u>
Net change in fund balances	906,365	(2,018,415)	(753,073)	(1,865,123)
Fund balances - July 1, 2014	<u>13,064,960</u>	<u>4,012,141</u>	<u>6,331,257</u>	<u>23,408,358</u>
Fund balances - June 30, 2015	<u>\$ 13,971,325</u>	<u>\$ 1,993,726</u>	<u>\$ 5,578,184</u>	<u>\$ 21,543,235</u>

## Town of Stonington, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to Statement of Activities  
Year Ended June 30, 2015**

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

Net change in fund balances - total governmental funds (Exhibit D) \$ (1,865,123)

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	4,042,636
Depreciation expense	<u>(3,817,646)</u>
 Total	 <u>224,990</u>

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

(12,596)

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	(196,477)
Change in property tax interest and lien revenue	<u>(51,738)</u>
 Total	 <u>(248,215)</u>

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

Debt issued or incurred:	
Issuance of debt	(1,655,000)
Principal payments:	
General obligation bonds and notes	3,355,866
Premiums	28,413
Deferred charges on refunding	<u>(84,207)</u>
 Total	 <u>1,645,072</u>

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

Compensated absences	(207,592)
Accrued interest payable	(76,363)
Pension expense	(328,754)
Net OPEB asset	(67,332)
Net OPEB liability	(16,883)
Heart and hypertension	(62,464)
Landfill postclosure costs	<u>25,000</u>
 Total	 <u>(734,388)</u>

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

The net revenues (expenses) of the activities of the internal service fund is reported with governmental activities (13,210)

Change in net position of governmental activities (Exhibit B) \$ (1,003,470)

## Town of Stonington, Connecticut

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 53,078,373	\$ 53,078,373	\$ 53,836,879	\$ 758,506
Intergovernmental	2,451,389	2,451,389	2,332,701	(118,688)
Charges for services	2,500,100	2,500,100	2,746,774	246,674
Revenues from use of Town money and property	147,300	147,300	189,134	41,834
Total revenues	58,177,162	58,177,162	59,105,488	928,326
Expenditures:				
Current:				
General government	7,605,373	7,470,234	7,240,134	230,100
Public safety	4,591,761	4,721,180	4,617,634	103,546
Highway department	2,324,980	2,545,299	2,488,530	56,769
Sanitation and waste removal	2,460,188	2,460,188	2,385,461	74,727
Human services	356,882	356,882	346,337	10,545
Social services	256,029	256,029	255,329	700
Recreation	97,511	97,511	86,893	10,618
Libraries	304,810	304,810	304,810	-
Payments to other civic divisions	175,700	175,700	175,700	-
Education	34,272,784	34,241,891	34,237,211	4,680
Debt service	4,618,210	4,739,577	4,738,573	1,004
Total expenditures	57,064,228	57,369,301	56,876,612	492,689
Excess of revenues over expenditures	1,112,934	807,861	2,228,876	1,421,015
Other financing sources (uses):				
Appropriation of fund balance	290,500	804,261	-	(804,261)
Premium on bond issuance	-	-	140,902	140,902
Cancellation of prior year encumbrances	8,000	8,000	65,020	57,020
Transfers in	45,000	45,000	45,000	-
Transfers out	(1,456,434)	(1,665,122)	(1,665,122)	-
Net other financing sources (uses)	(1,112,934)	(807,861)	(1,414,200)	(606,339)
Net change in fund balance	\$ -	\$ -	814,676	\$ 814,676
Fund balance - July 1, 2014			12,927,886	
Fund balance - June 30, 2015			\$ 13,742,562	



## Town of Stonington, Connecticut

Statement of Net Position  
 Proprietary Funds  
 June 30, 2015

	Governmental Activities
	<hr/>
	Internal Service Fund
	<hr/>
<u>Assets</u>	
Current assets:	
Cash	\$ 2,740,676
Due from other funds	<hr/> 1,489,942
Total current assets	<hr/> 4,230,618
<u>Liability</u>	
Current liability:	
Accounts payable	<hr/> 495,000
<u>Net Position</u>	
Unrestricted	<hr/> <hr/> \$ 3,735,618

## Town of Stonington, Connecticut

**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2015**

	Governmental Activities
	<hr/>
	Internal Service Fund
	<hr/>
Operating revenues:	
Charges for services	\$ 7,197,535
	<hr/>
Operating expenses:	
Medical claims	5,958,549
Administration and other	1,252,794
	<hr/>
Total operating expenses	7,211,343
	<hr/>
Operating income (loss)	(13,808)
Nonoperating revenues:	
Investment income	598
	<hr/>
Change in net position	(13,210)
Net position - July 1, 2014	3,748,828
	<hr/>
Net position - June 30, 2015	\$ 3,735,618
	<hr/>

## Town of Stonington, Connecticut

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2015**

	Governmental Activities
	<hr/>
	Internal Service Fund
	<hr/>
Cash flows from operating activities:	
Cash received for charges	\$ 6,153,363
Cash paid for claims and other	(5,938,549)
Cash paid for administration	(1,252,794)
	<hr/>
Net cash provided by (used in) operating activities	(1,037,980)
Cash flows from investing activities:	
Investment income	598
	<hr/>
Net increase (decrease) in cash and cash equivalents	(1,037,382)
Cash and cash equivalents - July 1, 2014	3,778,058
	<hr/>
Cash and cash equivalents - June 30, 2015	<u>\$ 2,740,676</u>
Reconciliation to Exhibit G - Cash:	
Cash and cash equivalents per above	\$ 2,740,676
Cash and cash equivalents reported as investments	-
	<hr/>
Cash - Exhibit G	<u>\$ 2,740,676</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (13,808)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Due from other funds	(1,044,172)
Increase (decrease) in:	
Accounts payable	20,000
	<hr/>
Net cash provided by (used in) operating activities	<u>\$ (1,037,980)</u>

## Town of Stonington, Connecticut

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	Pension Trust Fund	Police OPEB Trust Fund	OPEB Trust Fund	Private- Purpose Trust Fund	Agency Funds
<u>Assets</u>					
Cash	\$ -	\$ 53,731	\$ 3,842	\$ 18,503	\$ 381,901
Investments:					
Certificates of deposit	1,235,289	25,118	-	124,148	-
Equities	-	329,089	212,604	-	-
Corporate bonds	-	307,541	283,505	-	-
U.S. government agency obligations	-	97,469	98,217	-	-
Equity mutual funds	19,213,806	255,404	164,946	-	-
Money market mutual funds	-	19,772	60,289	-	-
Fixed income mutual funds	9,041,259	86,989	110,427	-	-
Municipal bonds	-	56,298	-	-	-
Total investments	29,490,354	1,177,680	929,988	124,148	-
Due from other funds	-	25,000	-	-	31,608
Total assets	29,490,354	1,256,411	933,830	142,651	413,509
<u>Liability</u>					
Liability:					
Accounts payable	-	-	-	-	413,509
<u>Net Position</u>					
Net position held in trust for pension benefits and other trusts	\$ 29,490,354	\$ 1,256,411	\$ 933,830	\$ 142,651	\$ -

**Town of Stonington, Connecticut**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2015**

	Pension Trust Fund	Police OPEB Trust Fund	OPEB Trust Fund	Private- Purpose Trust Fund
Additions:				
Contributions:				
Employer	\$ 1,103,588	\$ 75,580	\$ 90,000	\$ -
Employee	219,235	50,580	-	-
Total contributions	1,322,823	126,160	90,000	-
Investment income (loss):				
Net change in fair value of investments	(265,757)	(6,348)	(9,513)	-
Interest and dividends	526,775	34,245	30,513	1,412
Total investment income (loss)	261,018	27,897	21,000	1,412
Less investment expense	27,505	-	-	-
Net investment income (loss)	233,513	27,897	21,000	1,412
Total additions	1,556,336	154,057	111,000	1,412
Deductions:				
Benefits	1,353,367	12,513	-	5,398
Administration	32,251	18,000	10,847	-
Total deductions	1,385,618	30,513	10,847	5,398
Change in net position	170,718	123,544	100,153	(3,986)
Net position - July 1, 2014	29,319,636	1,132,867	833,677	146,637
Net position - June 30, 2015	\$ 29,490,354	\$ 1,256,411	\$ 933,830	\$ 142,651

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**History and organization**

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

**I. Summary of significant accounting policies****A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**B. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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

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

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

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

**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity****1. Deposits and investments**

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

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

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



## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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, 2015 and are calculated based upon prior collections.

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

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

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

**3. Capital assets**

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

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

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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

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

**4. Compensated absences**

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

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

**5. Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**6. Deferred outflows/inflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports the deferred charge on refunding and the deferred outflows related to pensions in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows applicable to pensions related to contributions made by the Town after the measurement date and the net difference between projected and actual earnings on pension plan investments. These deferred outflows will be amortized over the average remaining service life of all plan members.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows related to pensions for the difference between expected and actual experience of the pension plan, for the net difference between projected and actual earnings on pension plan investments and for changes in actuarial assumptions. These deferred inflows will be amortized over a four year period.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from four sources: property taxes, sewer charges and assessments, loans receivable and intergovernmental receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**7. Fund equity and net position**

In the government-wide financial statements, net position is classified into the following categories:

Net investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

This category presents the net position of the Town which is not restricted.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

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

Committed

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

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board or by a properly approved purchase order.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**Town of Stonington, Connecticut****Notes to Financial Statements  
June 30, 2015**

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**8. Estimates**

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

**9. Reclassifications**

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

**II. Stewardship, compliance and accountability****A. Budgets and budgetary accounting**

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

- No later than January 1, each Department, Office, Board or Commission of the Town, supported wholly or in part by Town funds, or for which a specific Town appropriation is made, except the Board of Education, shall prepare and submit to the First Selectman a detailed estimate of the expenditures to be made and the anticipated revenue other than tax revenue to be received during the ensuing fiscal year. The Board of Education shall submit its budget request by March 1 to the Board of Finance. The First Selectman, after consultation with the Director of Finance, shall prescribe the format for budget presentation which shall include, at a minimum, comparative statistics for the current and preceding fiscal year operations.
- No later than the fifteenth day of March, the First Selectman shall present to the Board of Finance an itemized annual operating budget, including the Board of Education budget.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

- The Board of Finance shall hold one (1) or more public hearings no later than the first Monday of May, at which time any elector or taxpayer may have an opportunity to be heard regarding appropriations for the ensuing fiscal year. Following receipt of the estimates from the First Selectman, the Board of Finance shall cause said estimates to be made available for review in the office of the Town Clerk. At least five (5) days before the aforementioned public hearing, the Board of Finance shall cause to be published in a newspaper having a substantial circulation in the Town, a notice of such public hearing and a summary of said proposed budget estimates which show the amount to be raised by taxation.

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

- There shall be a Town Meeting for the consideration of the budget to be held no later than the third Monday in May and at such place and time as the Board of Selectmen may determine. Said Meeting may be recessed as necessary. The budget adoption procedure shall be the following:
  - If the budget has not been submitted or petitioned to a Referendum, the budget as presented may be adopted by a majority vote of those present and voting thereon.
  - If the budget is rejected, it shall be returned to the Board of Finance who shall reconsider the budget and resubmit a budget to the recessed Town Meeting to be held no more than three (3) weeks after said rejection with at least (5) days published notice thereof.
  - The same steps and procedures, including published notices of meetings, shall be followed as outlined above until a budget has been adopted.
  - Any resubmitted budget may be submitted or petitioned to a Referendum.
  - In the event a budget has not been approved by June 15, the Board of Selectmen shall be empowered to set a mill rate in order to facilitate the preparation and mailing of tax bills at a level that in its best judgment will meet the needs of the Town for the ensuing year. In the event a budget has been adopted prior to June 15, the Board of Finance shall meet and set the mill rate at a level sufficient to meet the needs of the Town for the ensuing year.
- The Board of Finance, in accordance with the provisions of the Charter and the Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another. Management may not authorize any additional appropriations. All additional appropriations up to \$20,000 require Board of Finance approval. Those in excess of \$20,000 require full legislative approval (Town Meeting). The Board of Selectmen and the Board of Finance may approve additional appropriations cumulating no more than 0.5% of the current year operating budget. There were additional appropriations of \$513,761 made during the year.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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

**B. Budget - GAAP reconciliation**

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Balance, budgetary basis, Exhibit F - June 30, 2015	\$ 59,105,488	\$ 56,876,612	\$ 13,742,562
Encumbrances outstanding at June 30, 2014 liquidated during the year ended June 30, 2015	-	72,054	-
Encumbrances outstanding at June 30, 2015, charged to budgetary expenditures	-	(228,763)	228,763
State Teachers' Retirement on-behalf payment	<u>3,141,045</u>	<u>3,141,045</u>	<u>-</u>
Balance, GAAP Basis, Exhibit D - June 30, 2015	<u>\$ 62,246,533</u>	<u>\$ 59,860,948</u>	<u>\$ 13,971,325</u>

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

## 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, 2015, \$24,571,850 of the Town's bank balance of \$29,444,664 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 21,958,279
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>2,613,571</u>
Total amount subject to custodial credit risk	<u>\$ 24,571,850</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, 2015, the Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of Investment	Fair Value	N/A	Investment Maturities in Years			
			Less than One Year	1-5 Years	5-10 Years	Over 10 Years
Fixed income mutual funds	\$ 9,238,675	\$ -	\$ 197,416	\$ 2,133,581	\$ 5,535,209	\$ 1,372,469
Equity mutual funds	19,634,156	19,634,156	-	-	-	-
Money market mutual funds	80,061	-	80,061	-	-	-
Money markets/CDs	14,508,078	-	11,400,416	3,107,662	-	-
Pooled fixed income	469,263	-	469,263	-	-	-
U.S. government agency securities	195,686	-	-	-	74,633	121,053
Equities	541,693	541,693	-	-	-	-
Corporate bonds	591,046	-	50,912	234,648	305,486	-
Municipal bonds	<u>56,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,298</u>	<u>-</u>
	<u>\$ 45,314,956</u>	<u>\$ 20,175,849</u>	<u>\$ 12,198,068</u>	<u>\$ 5,475,891</u>	<u>\$ 5,971,626</u>	<u>\$ 1,493,522</u>



## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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

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

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

<u>Average Ratings</u>	<u>Pooled Fixed Income</u>	<u>Corporate Bonds</u>	<u>Municipal Bonds</u>	<u>U.S. Government Agency Securities</u>	<u>Money Market Mutual Funds</u>	<u>Fixed Income Mutual Funds</u>
AAA	\$ 469,263	\$ 27,389	\$ -	\$ 195,686	\$ -	\$ -
AA	-	77,555	56,298	-	-	-
A	-	458,972	-	-	-	-
BBB	-	27,130	-	-	-	-
Unrated	-	-	-	-	80,061	9,238,675
Total	<u>\$ 469,263</u>	<u>\$ 591,046</u>	<u>\$ 56,298</u>	<u>\$ 195,686</u>	<u>\$ 80,061</u>	<u>\$ 9,238,675</u>

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

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

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

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject to Custodial Credit Risk</u>
U.S. government agency securities	\$ 195,686	\$ -	\$ 195,686
Equities	541,693	300,000	241,693
Municipal bonds	56,298	-	56,298
Corporate bonds	<u>591,046</u>	<u>200,000</u>	<u>391,046</u>
	<u>\$ 1,384,723</u>	<u>\$ 500,000</u>	<u>\$ 884,723</u>

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**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, 2015, including the applicable allowances for uncollectible accounts, are presented below.

	<u>Property Taxes</u>					
	<u>Taxes</u>	<u>Interest &amp; Lien Fees</u>	<u>Total</u>			
Current portion	\$ <u>601,012</u>	\$ <u>161,614</u>	\$ <u>762,626</u>			
Long-term portion	\$ <u>123,099</u>	\$ <u>33,102</u>	\$ <u>156,201</u>			
Less allowance for uncollectibles	<u>(36,000)</u>	<u>(16,000)</u>	<u>(52,000)</u>			
Net long-term portion	\$ <u>87,099</u>	\$ <u>17,102</u>	\$ <u>104,201</u>			

  

	<u>Sewer Use</u>				
	<u>Use</u>	<u>Interest &amp; Lien Fees</u>	<u>Total</u>	<u>Sewer Assessment</u>	<u>Total</u>
Current portion	\$ <u>801,776</u>	\$ <u>3,765</u>	\$ <u>805,541</u>	\$ <u>2,035</u>	\$ <u>807,576</u>
Long-term portion	\$ <u>158,440</u>	\$ <u>3,766</u>	\$ <u>162,206</u>	\$ <u>-</u>	\$ <u>162,206</u>
Less allowance for uncollectibles	<u>(21,000)</u>	<u>-</u>	<u>(21,000)</u>	<u>-</u>	<u>(21,000)</u>
Net long-term portion	\$ <u>137,440</u>	\$ <u>3,766</u>	\$ <u>141,206</u>	\$ <u>-</u>	\$ <u>141,206</u>

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**C. Capital assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,028,391	\$ -	\$ -	\$ 11,028,391
Construction in progress	15,953,408	2,647,242	-	18,600,650
Total capital assets, not being depreciated	26,981,799	2,647,242	-	29,629,041
Capital assets, being depreciated:				
Land and building improvements	11,021,986	-	-	11,021,986
Buildings	66,497,368	-	-	66,497,368
Machinery and equipment	6,351,875	87,344	5,037	6,434,182
Infrastructure	88,928,641	859,781	-	89,788,422
Vehicles	3,339,890	448,269	308,406	3,479,753
Total capital assets being depreciated	176,139,760	1,395,394	313,443	177,221,711
Total capital assets	203,121,559	4,042,636	313,443	206,850,752
Less accumulated depreciation for:				
Land and building improvements	3,893,992	280,641	-	4,174,633
Buildings	30,272,466	1,279,622	-	31,552,088
Machinery and equipment	4,645,129	243,454	5,037	4,883,546
Infrastructure	30,603,476	1,802,587	-	32,406,063
Vehicles	2,404,078	211,342	295,810	2,319,610
Total accumulated depreciation	71,819,141	3,817,646	300,847	75,335,940
Total capital assets, being depreciated, net	104,320,619	(2,422,252)	12,596	101,885,771
Governmental activities capital assets, net	\$ 131,302,418	\$ 224,990	\$ 12,596	\$ 131,514,812

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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

General government	\$ 1,655,120
Public safety	158,732
Highway department	119,830
Sanitation and waste removal	600,233
Health and welfare	8,828
Education	<u>1,274,903</u>
Total depreciation expense	<u>\$ 3,817,646</u>

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

A summary of interfund balances as of June 30, 2015 is as follows:

	Corresponding Fund	Due From	Due To
<u>Major funds</u>			
General fund:			
Town aid road fund	N/A	\$ -	\$ 402,294
Dog license fund	N/A	-	9,491
Youth service activity fund	N/A	-	185
Recreation commission fund	N/A	3,834	-
Human services grant	N/A	-	39,948
Mystic harbor management	N/A	-	9,077
Stonington harbor management	N/A	-	22,531
Miscellaneous	N/A	11,000	231,682
State assets forfeiture program	N/A	-	302
Federal assets forfeiture program	N/A	200	-
Planning and development grant fund	N/A	-	95,142
Prepaid education grants fund	N/A	82,572	-
Bonded capital projects	N/A	850,615	3,180,493
Capital nonrecurring	N/A	13,752	-
Sewer usage fund	N/A	179,514	-
Internal service fund	N/A	-	1,489,942
Police OPEB trust fund	N/A	-	<u>25,000</u>
Total general fund	N/A	<u>1,141,487</u>	<u>5,506,087</u>
Bonded capital projects fund:			
General fund	N/A	3,180,493	850,615
Planning and development grant fund	N/A	-	<u>140</u>
Total bonded capital projects fund	N/A	<u>3,180,493</u>	<u>850,755</u>

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

	Corresponding <u>Fund</u>	<u>Due From</u>	<u>Due To</u>
<u>Nonmajor funds</u>			
Special revenue funds:			
Town aid road fund	General fund	\$ 402,294	\$ -
Dog license fund	General fund	9,491	-
Youth service activity fund	General fund	185	-
Recreation commission fund	General fund	-	3,834
Human services grant	General fund	39,948	-
Miscellaneous	General fund	231,682	11,000
State assets forfeiture program	General fund	302	-
Federal assets forfeiture program	General fund	-	200
Planning and development grant fund	General fund	95,142	-
Prepaid education grants fund	General fund	-	82,572
Prepaid education grants fund	Prepaid education grants fund	432	432
Sewer usage fund	General fund	-	179,514
Youth service activity fund	Recreation commission fund	31,074	-
Youth service activity fund	Human services grant	6,171	-
Recreation commission fund	Youth service activity fund	-	31,074
Human services grant	Youth service activity fund	-	6,171
Planning and development grant fund	Bonded capital projects	140	-
Total special revenue funds		816,861	314,797
Capital projects funds:			
Capital nonrecurring	General fund	-	13,752
Total nonmajor funds		816,861	328,549
Internal service fund:			
Internal service fund	General fund	1,489,942	-
Fiduciary funds:			
Police OPEB trust fund	General fund	25,000	-
Stonington harbor management	General fund	22,531	-
Mystic harbor management	General fund	9,077	-
Total fiduciary funds		56,608	-
Grand total		\$ 6,685,391	\$ 6,685,391

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**2. Interfund transfers**

A summary of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Major funds</u>	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund:			
Sewer usage fund	N/A	\$ -	\$ 300,000
Miscellaneous fund	N/A	-	83,688
Sewer assessment fund	N/A	45,000	-
Capital nonrecurring	N/A	<u>-</u>	<u>1,281,434</u>
Total general fund		<u>45,000</u>	<u>1,665,122</u>
<u>Nonmajor funds</u>			
Special revenue funds:			
Sewer usage fund	General fund	300,000	-
Sewer assessment fund	General fund	-	45,000
Miscellaneous fund	General fund	<u>83,688</u>	<u>-</u>
Total special revenue funds		<u>383,688</u>	<u>45,000</u>
Capital nonrecurring fund::			
Capital nonrecurring	N/A	50,000	50,000
General fund	N/A	<u>1,281,434</u>	<u>-</u>
Total capital nonrecurring fund		<u>1,331,434</u>	<u>50,000</u>
Total nonmajor funds		<u>1,715,122</u>	<u>95,000</u>
Grand total		<u>\$ 1,760,122</u>	<u>\$ 1,760,122</u>

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

## E. Changes in long-term obligations

## 1. Summary of changes

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Current Portion
General purpose:									
Refunding bond	\$ 4,525,000	02/15/09	05/15/20	2.0%-5.0%	\$ 2,380,600	\$ -	\$ 415,000	\$ 1,965,600	\$ 407,500
Refunding bond	1,192,000	02/23/12	09/01/24	2.25%-4.0%	1,192,000	-	111,000	1,081,000	110,000
Improvement bond	4,285,000	08/14/13	08/15/33	2.5%-4.25%	4,285,000	-	215,000	4,070,000	215,000
Road Improvement bond -	1,915,000	07/31/14	08/15/34	2.0%-4.0%	1,585,000	330,000	-	1,915,000	97,000
Total general purpose					9,442,600	330,000	741,000	9,031,600	829,500
School:									
Improvement bond	10,000,000	10/01/05	10/01/25	3.25%-5.0%	500,000	-	500,000	-	-
Improvement bond	3,275,000	07/01/07	09/01/26	4.125%-5.5%	350,000	-	175,000	175,000	175,000
Refunding bond	3,000,000	02/15/09	05/15/20	2.0%-5.0%	1,429,400	-	305,000	1,124,400	292,500
Refunding bond	16,128,000	02/23/12	09/01/26	2.0%-4.0%	15,833,000	-	884,000	14,949,000	1,355,000
Total school					18,112,400	-	1,864,000	16,248,400	1,822,500
Sewer:									
Improvement bond	12,000,000	04/05/12	04/01/32	4.125%-5.5%	10,800,000	-	600,000	10,200,000	600,000
Sewer Improvement bond	6,325,000	07/31/14	08/15/34	2.0%-4.0%	5,000,000	1,325,000	-	6,325,000	318,000
Total sewer					15,800,000	1,325,000	600,000	16,525,000	918,000
Clean water loans:									
Clean water loan	1,563,519	1998	2017	2%	225,463	-	75,154	150,309	75,154
Clean water loan	1,148,280	06/30/00	2016	2%	231,694	-	75,712	155,982	77,226
Total clean water loans					457,157	-	150,866	306,291	152,380
Total bond and notes					43,812,157	1,655,000	3,355,866	42,111,291	3,722,380
Premiums					2,214,077	140,902	169,315	2,185,664	-
Total bonds, notes and related liabilities					46,026,234	1,795,902	3,525,181	44,296,955	3,722,380
Landfill postclosure costs					275,000	-	25,000	250,000	25,000
Compensated absences					1,336,268	944,169	736,577	1,543,860	308,772
Heart and hypertension					436,350	110,849	48,385	498,814	-
Net OPEB liability					-	16,883	-	16,883	-
Net pension liability					3,201,769	4,790,588	3,759,321	4,233,036	-
Total general long-term obligations					\$ 51,275,621	\$ 7,658,391	\$ 8,094,464	\$ 50,839,548	\$ 4,056,152

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015Summary of Debt Service Requirements to Maturity

The annual requirements to amortize bonds payable and clean water loans at June 30, 2015 are as follows:

Fiscal Year End June 30,	Bonds			Clean Water		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 3,570,000	\$ 1,400,879	\$ 4,970,879	\$ 152,380	\$ 6,126	\$ 158,506
2017	3,560,000	1,283,094	4,843,094	153,911	3,093	157,004
2018	3,515,000	1,173,756	4,688,756	-	-	-
2019	3,345,000	1,045,531	4,390,531	-	-	-
2020	3,330,000	908,982	4,238,982	-	-	-
2021	2,825,000	772,881	3,597,881	-	-	-
2022	2,720,000	670,132	3,390,132	-	-	-
2023	2,720,000	573,630	3,293,630	-	-	-
2024	2,710,000	480,918	3,190,918	-	-	-
2025	2,465,000	402,947	2,867,947	-	-	-
2026	1,880,000	345,981	2,225,981	-	-	-
2027	1,395,000	297,913	1,692,913	-	-	-
2028	1,225,000	256,194	1,481,194	-	-	-
2029	1,225,000	216,063	1,441,063	-	-	-
2030	1,225,000	174,162	1,399,162	-	-	-
2031	1,225,000	132,262	1,357,262	-	-	-
2032	1,220,000	90,074	1,310,074	-	-	-
2033	620,000	47,212	667,212	-	-	-
2034	620,000	24,962	644,962	-	-	-
2035	410,000	6,919	416,919	-	-	-
TOTALS	<u>\$ 41,805,000</u>	<u>\$ 10,304,492</u>	<u>\$ 52,109,492</u>	<u>\$ 306,291</u>	<u>\$ 9,219</u>	<u>\$ 315,510</u>



## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**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	\$ 130,803,491	\$ 11,564,710	\$ 119,238,781
Schools	261,606,983	16,248,400	245,358,583
Sewers	218,005,819	16,525,000	201,480,819
Urban renewal	188,938,376		188,938,376
Pension deficit	174,404,655		174,404,655

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$406,944,195.

The indebtedness reflected above includes bonds outstanding.

**3. Prior years' advance refunding**

In the prior years, the Town had defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. As of June 30, 2015, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$5,150,000.

**4. Landfill closure and postclosure care costs**

The Town closed its landfill in 1995. State and Federal laws and regulations require landfill closures to meet certain standards. Monitoring costs and estimated repairs and maintenance for the next 10 years at \$25,000 per year are \$250,000. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**5. Authorized/unissued bonds**

At June 30, 2015, the amount of authorized, unissued bonds for improvements to the Town's school building renovations is \$69,000,000.

**F. Restricted net position**

The amount of restricted net position, which was restricted by enabling legislation, totaled \$583,674 at June 30, 2015.

**G. Fund balance classifications**

As of June 30, 2015, fund balances are composed of the following:

Fund Balance Component	General Fund	Bonded Capital Projects	Nonmajor Funds	Total
<u>Restricted:</u>				
Public safety	\$ -	\$ -	\$ 5,125	\$ 5,125
Highway department	-	-	280,488	280,488
Sanitation and waste removal	-	-	181,673	181,673
Human services	-	-	10,133	10,133
Education	-	-	106,255	106,255
Total Restricted	-	-	583,674	583,674
<u>Committed:</u>				
General government	-	-	206,197	206,197
Sanitation and waste removal	-	-	769,076	769,076
Approved CNR Projects	-	1,993,726	1,765,567	3,759,293
Total Committed	-	1,993,726	2,740,840	4,734,566
<u>Assigned:</u>				
Subsequent years' budget	202,400	-	-	202,400
General government	46,609	-	95,282	141,891
Public safety	1,623	-	13,636	15,259
Highway department	8,355	-	-	8,355
Sanitation and waste removal	-	-	1,089,765	1,089,765
Human services	-	-	228,982	228,982
Recreation	-	-	172,417	172,417
Education	172,176	-	653,588	825,764
Total assigned	431,163	-	2,253,670	2,684,833
Unassigned	13,540,162	-	-	13,540,162
Total	\$ 13,971,325	\$ 1,993,726	\$ 5,578,184	\$ 21,543,235

Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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>
2013-2014	\$ 429,000	\$ 6,226,384	\$6,180,384	\$ 475,000
2014-2015	475,000	5,958,549	5,938,549	495,000

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

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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 2014-2015 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

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

**B. Commitments and litigation**

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

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

**C. Pension plans****1. Pension plans**Summary

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

**2. Town of Stonington Retirement Plan (PERS)**Plan administration

The Town contributes to the Town of Stonington retirement plan, a single employer Public Employee Retirement System ("PERS"). The plan is administered by Selectmen appointed, five-member retirement board. The responsibility for the holding and investment of plan assets lies with the trustee appointed by the Selectmen. The trustees shall be the bank or Trust company having the power to act as trustee in the State of Connecticut. The current trustee is Wells Fargo. The PERS is considered part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. All full time employees including the First Selectman, Town Clerk and Tax Collector but excluding police officers, teachers and other elected officials are eligible to participate. The plan does not issue separate, stand-alone financial reports.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015Participant data

At July 1, 2014, PERS membership consisted of:

Retirees and beneficiaries receiving benefits	129
Terminated plan members entitled to but not yet receiving benefits	52
Active plan members	<u>182</u>
Total Plan Participants	<u>363</u>
Number of participating employers	1

Plan benefit provisions

Benefits are 50% vested after five years of service with the Town for the contributory plan and are fully vested after ten years of service. Benefits are 50% vested after ten years of service with the Town for the non-contributory plan and are fully vested after fifteen years. Normal retirement is the earlier of the member having reached his 62<sup>nd</sup> birthday or having completed 35 years of credited service. For the contributory plan, a member who retires on his normal retirement date shall receive an annual retirement benefit equal to 1.75% of such member's final average earnings multiplied by such member's years of credited service. For the non-contributory plan, a member who retires on his normal retirement date shall receive an annual retirement benefit equal to 1.50% of such member's final average earnings multiplied by such member's years of credited service. Final average earnings are determined by the member's 60 highest consecutive calendar months before retirement or termination, if earlier. The plan also provides for an actuarially reduced earlier retirement date, death and disability benefits. These benefit provisions and all other requirements are established by Town ordinance.

Contributions required*Contributory plan:*

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

*Non-contributory plan:*

Participants are not required to contribute.

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

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015Investments

*Investment policy.* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Town of Stonington Pension Board by a majority vote of its members. It is the policy of the Town of Stonington Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension Board periodically reviews the asset allocation and strategic objectives in light of market conditions, benefit payments, expenses, and expected contributions from the Town of Stonington. The Pension Board adopted an asset allocation policy, which is a blend of Higher Risk, Lower Risk, and Liquid assets. These blends translate into the following allocation, as of June 30, 2015:

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

Long-term inflation expectation 2.25%

Long-term expected nominal return 6.64%

Long-term rate of return

Best estimates of geometric nominal rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the preceding table.

*Rate of return:* For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.83 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Net pension liability

The Town's net pension liability at June 30, 2015 is \$3,344,562. The components of the net pension liability were as follows:

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

Total pension liability	\$ 32,834,916
Plan fiduciary net position	<u>29,490,354</u>
Net pension liability	<u>\$ 3,344,562</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>89.81%</u>
Covered-employee payroll	\$ 9,007,063
Net pension liability as a percentage of covered-employee payroll	<u>37.13%</u>

For the year ended June 30, 2015, the Town recognized pension expense of \$1,640,694. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 294,545
Changes in assumptions	-	147,704
Net difference between projected and actual earnings on pension plan investments	<u>1,566,638</u>	<u>-</u>
Total	<u>\$ 1,566,638</u>	<u>\$ 442,249</u>
Net amount of deferred inflows and outflows excluding Town contributions subsequent to measurement date	<u>\$ 1,124,389</u>	

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

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

<u>Year ending June 30,</u>	
2016	\$ 75,766
2017	265,303
2018	391,659
2019	<u>391,661</u>
Total	<u>\$1,124,389</u>

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015Actuarial assumptions

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

Actuarial valuation method – Fair market value

Valuation date - July 1, 2014

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

Discount rate – 6.75% per annum

Inflation – 3.0%

Salary projection - Graded schedule based on age of participant

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

Retirement Age - Earlier of 62.6 or 35 years of credited service or valuation date plus 1 year.

Cost of living increase - None

Discount rate

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

Based on the plan's current net pension liability and current contribution policy, the pension plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was used to discount plan liabilities.

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

The following presents the net pension liability, calculated using the discount rate of 6.75% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$7,085,918	\$3,344,562	\$161,018



## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015Changes in the Net Pension Liability

The Town's net pension liability was measured at June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability for the year ended June 30, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	\$ 31,041,703	\$ 29,319,636	\$ 1,722,067
Service cost	784,165	-	784,165
Interest	2,337,106	-	2,337,106
Change in benefit terms	783,451	-	783,451
Differences between expected and actual experience	(504,935)	-	(504,935)
Changes of assumptions	(253,207)	-	(253,207)
Contributions - employer	-	1,103,588	(1,103,588)
Contributions - member	-	219,235	(219,235)
Net investment income	-	233,513	(233,513)
Benefit payments, including refunds of member contributions	(1,353,367)	(1,353,367)	-
Administrative expenses	-	(32,251)	32,251
Net change	1,793,213	170,718	1,622,495
Balance at June 30, 2015	\$ 32,834,916	\$ 29,490,354	\$ 3,344,562

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

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

The plan has four sub plans as follows:

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**b. Benefit provisions**

The plan provides retirement, disability and death benefits.

General Employees

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

Policemen and Firemen

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

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

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

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

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

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

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

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**c. Contributions**Employer

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

Employees

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

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

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

At June 30, 2015, the Town reported \$888,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportionate share of the net pension liability was based upon the Town's 2014 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. At June 30, 2014, the Town's proportional share was 2.4649%. This being the first year of implementation, there was no change in the proportional share as compared to the prior year.

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

For the year ended June 30, 2015, the Town recognized pension expense of \$488,640. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Changes in proportional share of employer	-	-
Net difference between projected and actual earnings on pension plan investments	-	421,876
Town contributions subsequent to measurement date	<u>494,982</u>	<u>-</u>
Total	<u>\$ 494,982</u>	<u>\$ 421,876</u>
Net amount of deferred inflows and outflows excluding Town contributions subsequent to measurement date		<u>\$ 421,876</u>

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

The \$494,982 amount reported as deferred outflows of resource related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending <u>June 30,</u>	
2015	\$105,469
2016	105,469
2017	105,469
2018	<u>105,469</u>
Total	<u>\$421,876</u>

**e. Actuarial assumptions**

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

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

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

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

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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

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

**f. Discount rate**

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**g. Sensitivity of the net pension liability to changes in the discount rate**

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

	1% Decrease <u>(7.00%)</u>	Current Discount <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Town's proportional share of the net pension liability	\$ 2,967,590	\$888,474	\$(836,786)

**h. Plan fiduciary net position**

Detailed information about the Connecticut Municipal Employees Retirement System plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2014. The audited amounts as presented in the State of Connecticut Comprehensive Annual Financial Report have been adjusted by the Auditors of Public Accounts to be in accordance with the requirements of GASB Statements No. 67 and 68. The adjustment to contribution receivable increased the net position as previously reported from \$2,175,433,000 to \$2,262,724,000. The net pension liability at June 30, 2014 has been calculated using the adjusted amounts.

**i. Payable to the pension plan**

The Town had \$7,540 of accounts payable to the Connecticut Municipal Employees Retirement System plan outstanding at June 30, 2015. The payable represents the Town's legally required contribution and related withheld employee contributions.

**4. Pension plans - Connecticut State Teachers' Retirement Plan****a. Plan description**

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

**b. Benefit provisions**

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

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

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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

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

**c. Contributions**State of Connecticut

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

Employer (School Districts)

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

Employees

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

Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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

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

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>41,864,643</u>
Total	<u>\$ 41,864,643</u>

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

For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$3,141,045 for on-behalf amounts for the benefits provided by the State.

**e. Actuarial assumptions**

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

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

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

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



## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	<u>6.0%</u>	0.4%
Total	<u>100.0%</u>	

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**f. Discount rate**

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

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

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

**h. Plan fiduciary net position**

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2014.

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

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

**2. Benefit provisions and contributions****a. Benefit provisions**

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

**b. Employer contributions**

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town's total plan contribution was \$327,071.

**c. Employee contributions**

There are no employee contributions to the plan.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**3. Funded status and funding progress**

The funded status of the plan as of July 1, 2013 was as follows:

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

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

**4. Actuarial methods and assumptions**

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

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

Valuation Date	July 1, 2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage
Remaining Amortization Period:	30 Years Closed
	Fair Value
Actuarial Assumptions:	
Investment rate of return	7.5%
Healthcare inflation rate:	
Initial	6.8%
Ultimate	4.7%

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**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	\$ 412,037
Interest on net OPEB obligation	(5,050)
Adjustment to annual required contribution	<u>4,299</u>
Annual OPEB cost	411,286
Contributions made	<u>327,071</u>
Change in net OPEB asset	84,215
Net OPEB asset - July 1, 2014	<u>(67,332)</u>
Net OPEB obligation - June 30, 2015	<u>\$ 16,883</u>

**6. Three year trend information**

<u>Year Ending June 30</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2013	\$ 697,104	95.83%	\$ (103,011)
2014	729,679	95.11%	(67,332)
2015	411,286	79.52%	16,883

**E. Retiree health care defined contribution plan**

The Town has a defined contribution healthcare plan covering police officers that was established in July 2004. The plan provides for retiree health care benefits through reimbursement of eligible medical care expenses, including the reimbursement of retiree healthcare premiums upon retirement from the Town. Participation in the plan is mandatory for all eligible police officers. The employee contribution is 2% of base pay with an equivalent Town match. Upon normal retirement, the participant's account balance shall be a minimum of \$32,000. If the account balance is less than \$32,000, the Town shall make contributions necessary to bring the account balance to \$32,000. Total Town and employee contributions for the year ended June 30, 2015 were \$75,580 and \$50,580, respectively.

## Town of Stonington, Connecticut

Notes to Financial Statements  
June 30, 2015**F. Prior period adjustment**

The government-wide net position was restated as follows:

Net position as previously reported at June 30, 2014	\$ 114,954,889
To remove net pension asset	(683,231)
To record beginning deferred outflows related to pensions	494,982
To record beginning net pension liability (NPL) - PERS	(1,722,067)
To record beginning net pension liability (NPL) - MERS	<u>(1,479,702)</u>
Net position as restated as of July 1, 2014	<u>\$ 111,564,871</u>

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**Required  
Supplementary  
Information**

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## Town of Stonington, Connecticut

## Town of Stonington Employees' Pension Plan

## Required Supplementary Information

## Schedule of Changes in Net Pension Liability

## Last Two Years

	2015	2014
Total pension liability:		
Service cost	\$ 784,165	\$ 761,325
Interest	2,337,106	2,210,832
Change of benefit terms	783,451	-
Differences between expected and actual experience	(504,935)	-
Change of assumptions	(253,207)	-
Benefit payments, including refunds of member contributions	(1,353,367)	(1,270,805)
Net change in total pension liability	1,793,213	1,701,352
Total pension liability - July 1	31,041,703	29,340,351
Total pension liability - June 30 (a)	32,834,916	31,041,703
Plan fiduciary net position:		
Contributions - employer	1,103,588	1,147,449
Contributions - member	219,235	257,396
Net investment income (loss)	233,513	3,765,012
Benefit payments, including refunds of member contributions	(1,353,367)	(1,270,805)
Administration expense	(32,251)	(47,133)
Net change in plan fiduciary net position	170,718	3,851,919
Plan fiduciary net position - July 1	29,319,636	25,467,717
Plan fiduciary net position - June 30 (b)	29,490,354	29,319,636
Net pension liability (asset) - June 30 (a)-(b)	\$ 3,344,562	\$ 1,722,067

**Town of Stonington, Connecticut**  
**Town of Stonington Employees' Pension Plan**  
**Required Supplementary Information**  
**Schedule of Net Pension Liability**  
**Last Two Years**

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 32,834,916	\$ 31,041,703
Plan fiduciary net position	<u>(29,490,354)</u>	<u>(29,319,636)</u>
Net pension liability	<u>\$ 3,344,562</u>	<u>\$ 1,722,067</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>89.81%</u>	<u>94.45%</u>
Covered-employee payroll	<u>\$ 9,007,063</u>	<u>\$ 9,124,324</u>
Net pension liability as a percentage of covered-employee payroll	<u>37.13%</u>	<u>18.87%</u>

**Schedule of Investment Returns**

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



## Town of Stonington, Connecticut

## Town of Stonington Employees' Pension Plan

## Required Supplementary Information

## Schedule of Contributions

Last 10 Fiscal Years

Actuarial Valuation Date July 1,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2014	\$ 1,083,331	\$ 1,103,588	\$ 20,257	\$ 9,007,063	12.3%
2013	1,108,457	1,101,118	(7,339)	9,124,324	12.1%
2012	1,119,643	1,130,478	10,835	8,958,441	12.6%
2011	1,171,692	1,342,122	170,430	9,071,534	14.8%
2010	1,163,837	1,471,967	308,130	9,342,487	15.8%
2009	937,874	1,010,472	72,598	8,843,202	11.4%
2008	869,139	944,785	75,646	8,332,324	11.3%
2007	828,833	890,080	61,247	7,899,350	11.3%
2006	657,952	665,953	8,001	7,598,714	8.8%
2005	453,663	464,400	10,737	7,002,000	6.6%

## Town of Stonington, Connecticut

## Town of Stonington Employees' Pension Plan

Notes to Required Supplementary Information  
June 30, 2015

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	20 year period
Remaining Amortization period	20 years - open
Asset Valuation Method	Fair market value, adjusted to phase in gains and losses over a five-year period at a rate of 20% per year
Inflation	3.00%
Salary Increases	Graded Schedule based on age ranging from 3.0% to 6.50%
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

## Town of Stonington, Connecticut

## Town of Stonington Other Post-Employment Benefit Plan

Required Supplementary Information  
Schedule of Funding Progress

Actuarial Valuation Date July 1,	(A)  Actuarial Value of Assets	(B)  Actuarial Accrued Liability (AAL) Projected Unit Credit	(A-B)  Over (Under) Funded AAL	(A/B)  Funded AAL Ratio	(C)  Covered Payroll	[(A-B)/C]  Over (Under) Funded AAL as a Percentage of Covered Payroll
2008	\$ N/A	\$ N/A	\$ N/A	N/A	\$ N/A	N/A
2009	-	9,625,000	(9,625,000)	0.0%	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	473,000	9,657,000	(9,184,000)	4.9%	26,065,000	(35.2%)
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	679,426	5,200,625	(4,521,199)	13.1%	28,398,610	(15.9%)
2014	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not available

## Schedule of Employer Contributions

Fiscal Year End June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2009	\$ 658,000	\$ 568,000	86.3%
2010	687,000	603,000	87.8%
2011	698,000	671,000	96.1%
2012	729,000	1,070,000	146.8%
2013	699,000	668,000	95.6%
2014	731,000	694,000	94.9%
2015	412,037	327,071	79.4%

**Town of Stonington, Connecticut**

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

**Notes to Required Supplementary Information  
June 30, 2015**

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

Actuarial Cost Method	Projected Unit Credit
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Amortization Method	Level percentage
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Remaining Amortization Period	30 years closed
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Investment Rate of Return	7.50%
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Healthcare Inflation Rate	6.80% - 4.70%
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Dental Inflation Rate	3.00%
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**Town of Stonington, Connecticut**  
**State Teachers' Retirement System**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**June 30, 2015**

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

**Schedule of Contributions**

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

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

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

## Town of Stonington, Connecticut

## State Teachers' Retirement System

Notes to Required Supplementary Information  
June 30, 2015

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

**Town of Stonington, Connecticut**  
**Connecticut Municipal Employees Retirement System**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**June 30, 2015**

	2015
Town's proportion of the net pension liability	2.4649%
Town's proportionate share of the net pension liability	\$ 888,474
Town's covered-employee payroll	\$ 3,215,266
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.63%
Plan fiduciary net position as a percentage of the total pension liability	90.48%

**Schedule of Contributions**

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

## Town of Stonington, Connecticut

## Connecticut Municipal Employees Retirement System

## Notes to Required Supplementary Information

June 30, 2015

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



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## **Supplemental Schedules**

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## **General Fund**

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

Town of Stonington, Connecticut

General Fund  
Schedule of Revenues and Other Financing Sources -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property taxes:				
Current levy	\$ 52,124,373	\$ 52,124,373	\$ 52,388,707	\$ 264,334
Prior year taxes	425,000	425,000	656,208	231,208
Motor vehicle supplement	200,000	200,000	336,120	136,120
Interest and lien fees	275,000	275,000	389,681	114,681
Telephone access line	54,000	54,000	66,163	12,163
Total property taxes	53,078,373	53,078,373	53,836,879	758,506
Intergovernmental:				
Intergovernmental revenues - State grants for education:				
Education cost sharing grant	2,079,928	2,079,928	1,961,943	(117,985)
Transportation	25,263	25,263	22,846	(2,417)
Nonpublic services	2,814	2,814	2,592	(222)
Nonpublic health services	10,000	10,000	9,569	(431)
Total intergovernmental revenues - State grants for education	2,118,005	2,118,005	1,996,950	(121,055)
State grants for reimbursement on revenue loss:				
Reimbursement disabled	1,700	1,700	1,689	(11)
Veterans' exemption	16,000	16,000	17,216	1,216
Tax relief for elderly	124,000	124,000	119,407	(4,593)
PILOT state owned property	20,500	20,500	21,561	1,061
Municipal revenue sharing	94,362	94,362	94,362	-
Mashantucket Pequot grant	38,547	38,547	40,283	1,736
Total state grants for reimbursement on revenue loss	295,109	295,109	294,518	(591)
State grants for other purposes:				
Parking ticket surcharge	11,000	11,000	14,239	3,239
Youth services	19,275	19,275	19,373	98
Civil preparedness	8,000	8,000	7,621	(379)
Total state grants for other purposes	38,275	38,275	41,233	2,958
Total intergovernmental	2,451,389	2,451,389	2,332,701	(118,688)
Charges for services:				
Solid waste disposal fees	1,450,000	1,450,000	1,459,711	9,711
SCRRRA transportation	93,000	93,000	86,929	(6,071)
Landfill recycling	45,000	45,000	41,536	(3,464)
Tipping fees	120,000	120,000	121,784	1,784
Building rental/miscellaneous	500	500	1,400	900
Tuition other Town	29,000	29,000	13,917	(15,083)
Miscellaneous revenue	18,000	18,000	12,245	(5,755)
Accident reports	1,000	1,000	1,290	290
Data processing revenue	23,000	23,000	25,058	2,058
In lieu of taxes housing authority	11,000	11,000	5,159	(5,841)
Mystic upgrade d/s offset	18,600	18,600	17,201	(1,399)
GIS revenues	1,000	1,000	797	(203)
Utility billing revenue offset	12,000	12,000	12,000	-
Vehicle use outside jobs	47,500	47,500	32,000	(15,500)
Admin / miscellaneous fees	11,500	11,500	7,970	(3,530)
Total charges for services	1,881,100	1,881,100	1,838,997	(42,103)

(Continued)

Town of Stonington, Connecticut

General Fund  
Schedule of Revenues and Other Financing Sources -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Licenses and permits:				
Building permits	\$ 175,000	\$ 175,000	\$ 277,393	\$ 102,393
Business licenses	15,000	15,000	15,963	963
Conveyance taxes	200,000	200,000	360,728	160,728
Town clerk's fees	150,000	150,000	167,313	17,313
Miscellaneous permit	3,000	3,000	3,450	450
Alarm registration	6,500	6,500	5,970	(530)
Wetlands permits	2,500	2,500	3,175	675
P & Z and zoning board fees	60,000	60,000	66,185	6,185
Total licenses and permits	612,000	612,000	900,177	288,177
Fines and forfeits:				
Parking fines	4,000	4,000	5,075	1,075
Alarm penalties	3,000	3,000	2,525	(475)
Total fines and forfeits	7,000	7,000	7,600	600
Grand total charges for services	2,500,100	2,500,100	2,746,774	246,674
Revenues from use of Town money and property:				
Interest income	80,000	80,000	121,332	41,332
Rental	54,800	54,800	55,302	502
Loan repayment SNEFLA	12,500	12,500	12,500	-
Total revenues from use of Town money and property	147,300	147,300	189,134	41,834
Total revenues	58,177,162	58,177,162	59,105,488	928,326
Other financing sources:				
Appropriation of fund balance	290,500	804,261	-	(804,261)
Premium on bond issuance	-	-	140,902	140,902
Cancellation of prior year encumbrances	8,000	8,000	65,020	57,020
Transfers in - sewer assessment fund	45,000	45,000	45,000	-
Total other financing sources	343,500	857,261	250,922	(606,339)
Grand total - revenues and other financing sources	\$ 58,520,662	\$ 59,034,423	\$ 59,356,410	\$ 321,987

(Concluded)

Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Department of First Selectman:				
Office of Selectman:				
First selectman	\$ 94,873	\$ 94,873	\$ 94,873	\$ -
Second selectman	6,168	6,168	6,025	143
Third selectman	6,168	6,168	6,168	-
Town attorney	50,000	50,000	50,000	-
Examination of indices	2,500	2,500	2,500	-
Mosquito abatement	30,000	30,000	30,000	-
Legal services and courts	80,000	80,000	53,375	26,625
Town wide	20,000	20,000	17,891	2,109
Total Office of Selectman	289,709	289,709	260,832	28,877
Programs and agencies:				
S.E.A.T.	5,078	5,078	5,078	-
Sector	6,166	6,166	6,166	-
CT Conference of Municipalities	12,143	12,143	12,032	111
Southeastern CT Council of Government	9,689	9,689	9,689	-
Mystic river park public restrooms	10,609	10,609	10,609	-
CT council of small towns	1,025	1,025	1,025	-
Westerly pops concert	3,500	3,500	3,500	-
Affordable housing committee	750	750	-	750
Probate court	6,301	6,301	6,301	-
The Colonial Theater	250	250	-	250
Total programs and agencies	55,511	55,511	54,400	1,111
Waterfront commission:				
Clerical services	900	900	725	175
Postage	75	75	75	-
Consumable supplies	25	25	9	16
Miscellaneous	75	75	75	-
Total waterfront commission	1,075	1,075	884	191
Pawcatuck River Harbor management:				
Clerical services	990	990	-	990
Postage	200	200	-	200
Advertising	185	185	-	185
Consumable supplies	400	400	-	400
Reproduction and printing	500	500	-	500
Miscellaneous	305	305	-	305
Total Pawcatuck River Harbor management	2,580	2,580	-	2,580
Shellfish commission:				
Expenses	50	50	-	50

(Continued)

Town of Stonington, Connecticut  
  
General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Economic development commission:				
Postage	\$ 200	\$ 200	\$ -	\$ 200
Advertising	920	920	-	920
Consumable supplies	150	150	-	150
Travel	500	500	-	500
Professional association and publication	1,300	1,300	-	1,300
Total economic development commission	3,070	3,070	-	3,070
Emergency management:				
Emergency management tactical operation director	12,255	12,255	12,255	-
Clerical salaries	1,775	1,775	1,638	137
Consumable supplies	250	250	43	207
Equipment	4,500	4,500	2,060	2,440
Development of emergency plan	1	1	-	1
Miscellaneous	100	100	-	100
Furniture and equipment	750	750	-	750
Generator maintenance	1	1	-	1
Water testing	400	400	-	400
Communications	1	1	-	1
Mass notification system	5,000	5,000	4,860	140
Total emergency management	25,033	25,033	20,856	4,177
Elections:				
Referenda/election personnel	33,722	33,722	44,260	(10,538)
Registrars' salaries	60,000	60,000	35,250	24,750
Postage	5,000	5,000	4,359	641
Advertising	1,475	-	-	-
Consumable supplies	2,000	218	605	(387)
Telephone	4,000	4,000	2,770	1,230
Equipment	2,000	2,000	1,829	171
Reproduction and printing	500	500	-	500
Professional associations and publications	600	600	209	391
Voting canvas	500	500	65	435
Miscellaneous	1,000	1,000	426	574
Ballot printing / programming	15,000	15,000	6,863	8,137
Furniture & equipment	1,150	481	198	283
Voting machine	2,200	2,869	2,869	-
Total elections	129,147	125,890	99,703	26,187
Town clerk:				
Salary of Town clerk	68,881	68,881	68,815	66
Clerical salaries	92,856	92,856	91,543	1,313
Longevity	3,240	3,240	1,800	1,440
Postage	1,500	1,500	1,500	-
Advertising	2,211	2,211	968	1,243
Consumable supplies	3,000	3,000	2,831	169
Telephone	475	475	433	42
Equipment	4,000	4,000	2,413	1,587
Professional associations and publications	150	150	130	20
Training and education	1,000	1,000	708	292
Land records and data processing	42,000	42,000	20,911	21,089
Vital statistics	450	450	326	124
Total Town clerk	219,763	219,763	192,378	27,385

(Continued)

Town of Stonington, Connecticut  
General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Town meeting and referenda:				
Town meeting personnel	\$ 200	\$ 200	\$ -	\$ 200
Advertising	1,290	4,547	4,746	(199)
Total Town meeting and referenda	1,490	4,747	4,746	1
Payment/other civil divisions:				
Borough of Stonington	175,700	175,700	175,700	-
Total Department of First Selectman	903,128	903,128	809,499	93,629
Department of administrative services:				
Administration:				
Director of administrative services	87,500	87,500	87,396	104
Administrative support staff	166,141	166,141	164,471	1,670
Longevity	3,640	3,640	3,640	-
Postage	1,000	1,000	1,005	(5)
Advertising	5,166	5,166	4,686	480
Consumable supplies	1,400	1,400	3,197	(1,797)
Reproduction and printing	700	700	978	(278)
Telephone	250	250	109	141
Equipment	5,400	2,376	2,376	-
Professional associations and publications	4,000	3,184	2,069	1,115
Seminars and programs	750	750	-	750
Database expenses	6,900	6,900	5,712	1,188
Miscellaneous	700	700	464	236
Furniture and equipment	1,500	1,500	2,111	(611)
Training and education	2,250	2,250	790	1,460
Technical and professional services - admin services	7,500	7,500	5,920	1,580
Memorial observances	7,500	7,500	4,850	2,650
Columbus day observances	5,000	5,000	5,000	-
Total administration	307,297	303,457	294,774	8,683
Information systems:				
IT manager	82,260	82,588	82,587	1
Technology support specialist	56,953	57,743	57,743	-
Longevity	450	450	450	-
Postage	300	300	25	275
Consumable supplies	1,500	1,500	1,509	(9)
Reproduction and printing	50	50	-	50
Telephone	1,500	1,500	1,314	186
Professional associations and publications	250	250	-	250
Equipment and licensing	30,040	30,040	30,017	23
Internet hosting expense	7,500	7,500	6,640	860
Miscellaneous	50	50	26	24
Training and education	3,000	3,000	2,999	1
GIS	31,500	31,500	31,500	-
Telecommunications	62,198	61,080	55,716	5,364
Technical assistance	5,000	5,000	5,000	-
Total information systems	282,551	282,551	275,526	7,025

(Continued)

Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Human resources:				
Employee training/education	\$ 9,500	\$ 9,500	\$ 4,396	\$ 5,104
Labor negotiations	287,000	101,159	111,746	(10,587)
Pension plan	576,016	576,561	576,559	2
Social security	442,996	448,979	432,035	16,944
Unemployment	30,000	30,000	39,611	(9,611)
Heart and hypertension	35,610	35,610	36,938	(1,328)
Employee assistance program	2,750	2,750	-	2,750
Employee screening	1,500	1,500	1,399	101
Additional manpower	5,000	5,000	4,645	355
Employee travel expense	26,000	26,000	19,863	6,137
Accrued leave payout	20,000	20,000	27,420	(7,420)
Retiree health care	74,878	76,392	75,580	812
Health insurance	1,595,505	1,595,505	1,602,255	(6,750)
Life insurance	21,000	21,000	19,669	1,331
Rx eyewear reimbursement	3,000	3,000	838	2,162
Total human resources	3,130,755	2,952,956	2,952,954	2
Health officer, sanitation and EMS:				
Health officer salaries	25,197	25,197	25,173	24
Sanitarian salaries	72,847	73,960	73,983	(23)
Longevity	450	450	450	-
Expenses	1,575	462	211	251
Clothing allowance	400	400	400	-
Furniture and equipment	500	500	-	500
Training and education	500	500	-	500
Stonington ambulance	31,000	31,000	31,000	-
Mystic river ambulance	31,000	31,000	31,000	-
Westerly ambulance	31,000	31,000	31,000	-
Total health officer, sanitation and EMS	194,469	194,469	193,217	1,252
Community development:				
Clerical salaries	1	1	-	1
Total department of administrative services	3,915,073	3,733,434	3,716,471	16,963
Finance department:				
Finance office:				
Director of finance	107,795	107,795	106,117	1,678
Senior accountant	81,645	81,645	81,564	81
Clerical salaries	145,954	145,954	139,834	6,120
Longevity	5,070	5,070	5,070	-
Postage	2,700	2,700	2,569	131
Consumable supplies	3,000	3,000	4,276	(1,276)
Reproduction and printing	700	700	447	253
Telephone	150	150	135	15
Professional associations and publication	2,000	2,000	1,573	427
Payroll services	30,000	30,000	21,155	8,845
Equipment and software support	18,500	18,500	18,004	496
Training and education	250	250	180	70
Finance - technical and professional services	3,500	3,500	2,500	1,000
Total finance office	401,264	401,264	383,424	17,840

(Continued)



Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Assessor's office:				
Salary of assessor	\$ 85,943	\$ 85,943	\$ 85,857	\$ 86
Assistant assessor	64,118	64,118	64,055	63
Clerical salaries	87,992	87,992	87,859	133
Longevity	3,560	3,560	3,560	-
Postage	2,300	2,300	2,300	-
Consumable supplies	2,500	2,500	1,573	927
Reproduction and printing	1,700	1,700	1,236	464
Telephone	250	250	63	187
Equipment	1,250	1,250	1,305	(55)
Professional associations and publications	2,400	2,400	2,581	(181)
Database expenses	14,850	14,850	14,375	475
Miscellaneous	1,400	1,400	268	1,132
Clothing allowance	400	400	400	-
Furniture & equipment	1	2,601	2,600	1
Training and education	2,010	2,010	1,803	207
Special audit personal property	3,200	3,200	3,200	-
Total assessor's office	273,874	276,474	273,035	3,439
Board of Assessment Appeals:				
Expenses	6,635	4,035	2,086	1,949
Office of the treasurer:				
Salary of treasurer	3,929	3,929	3,925	4
Expenses	100	100	-	100
Total office of the treasurer	4,029	4,029	3,925	104
Office of the tax collector:				
Salary of tax collector	68,881	68,881	68,815	66
Clerical salaries	93,856	93,856	88,093	5,763
Longevity	910	910	910	-
Postage	14,500	14,500	15,941	(1,441)
Advertising	555	555	386	169
Consumable supplies	1,250	1,250	352	898
Reproduction and printing	6,800	6,800	6,611	189
Telephone	200	200	59	141
Equipment	750	750	488	262
Professional associations and publications	150	150	95	55
Miscellaneous	100	6,600	3,917	2,683
Equipment and software support	6,500	6,500	7,408	(908)
Training and education	600	600	1,001	(401)
DMV delinquent reporting	4,850	4,850	4,687	163
Total office of the tax collector	199,902	206,402	198,763	7,639
Board of Finance:				
Clerical salaries	2,200	2,200	2,000	200
Advertising	370	603	647	(44)
Consumable supplies	200	200	155	45
Professional services	2,000	1,767	-	1,767
Accounting and auditing	55,000	55,000	55,000	-
Special audit	5,000	5,000	550	4,450
GASB 45	90,000	90,000	90,000	-
Total Board of Finance	154,770	154,770	148,352	6,418
Risk management:				
Risk management stipend	6,000	6,000	1,846	4,154
Property and liability insurance	621,000	621,000	618,521	2,479
Claims and damages	10,000	10,000	1,270	8,730
Dog damages	1	1	-	1
Safety program	1,000	1,000	-	1,000
Total risk management	638,001	638,001	621,637	16,364
Total finance department	1,678,475	1,684,975	1,631,222	53,753

(Continued)

Town of Stonington, Connecticut  
General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Debt service:				
Debt service interest:				
Series 1998 clean water (mys)	\$ 4,510	\$ 4,510	\$ 4,509	\$ 1
Series 2000 clean water (mys)	4,634	4,634	4,634	-
Series 2005 G.O. bonds (hi sch ren)	9,000	9,000	9,063	(63)
Series 2007 G.O. bonds	10,829	10,829	10,828	1
Series 2009 refunding	141,225	141,225	141,225	-
Series 2012 refunding	574,182	574,182	574,181	1
Series 2012 G.O. bonds (wpca)	376,500	376,500	376,500	-
Series 2013 G.O. bonds	140,463	140,463	140,463	-
Series 2014 G.O. bonds	-	121,367	121,304	63
Total debt service interest	1,261,343	1,382,710	1,382,707	3
Debt service principal:				
Series 1998 clean water (mys)	75,155	75,155	75,154	1
Series 2000 clean water (mys)	75,712	75,712	75,712	-
Series 2004 G.O. bonds (high sch)	-	-	-	-
Series 2005 G.O. bonds (hi sch ren)	500,000	500,000	500,000	-
Series 2007 G.O. bonds	175,000	175,000	175,000	-
Series 2009 refunding	720,000	720,000	720,000	-
Series 2012 refunding	995,000	995,000	995,000	-
Series 2012 G.O. bonds (wpca)	600,000	600,000	600,000	-
Series 2013 G.O. bonds	215,000	215,000	215,000	-
Bonding costs	1,000	1,000	-	1,000
Total debt service principal	3,356,867	3,356,867	3,355,866	1,001
Total debt service	4,618,210	4,739,577	4,738,573	1,004
Department of planning:				
Planning office:				
Director of planning	1	1	-	1
Planner	76,542	76,542	76,467	75
Zoning enforcement officer	28,941	28,941	28,031	910
Inland wetland enforcement officer	27,289	27,289	28,031	(742)
Clerical salaries	92,856	92,856	90,499	2,357
Clerical meeting	5,500	5,500	4,500	1,000
Longevity	2,610	2,610	2,610	-
Consumable supplies	2,500	2,500	1,349	1,151
Reproduction and printing	5,000	5,000	646	4,354
Telephone	500	500	32	468
Equipment	3,000	3,000	3,208	(208)
Professional associations and publications	1,200	1,200	1,256	(56)
Clothing allowance	200	200	448	(248)
Furniture and equipment	2,000	2,000	250	1,750
Training and education	2,500	2,500	284	2,216
Prof services	5,000	5,000	3,646	1,354
Total planning office	255,639	255,639	241,257	14,382
Planning and zoning commission:				
Postage	7,500	7,500	5,000	2,500
Advertising and court steno	7,007	7,007	6,257	750
Total planning and zoning commission	14,507	14,507	11,257	3,250
Zoning board of appeals:				
Postage	1,450	1,450	1,450	-
Advertising	4,056	4,056	2,935	1,121
Total zoning board of appeals	5,506	5,506	4,385	1,121

(Continued)

Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Conservation commission:				
Professional associations and publication	\$ 600	\$ 600	\$ 587	\$ 13
Barn island field trips	3,500	3,500	2,918	582
Total conservation commission	4,100	4,100	3,505	595
Inland wetlands commission:				
Postage	900	900	75	825
Advertising	1,845	1,845	2,169	(324)
Total inland wetlands commission	2,745	2,745	2,244	501
Total department of planning	282,497	282,497	262,648	19,849
Department of public works:				
Highway department:				
Public works director	92,160	92,160	92,068	92
Labor salaries	1,042,821	1,094,941	1,071,518	23,423
Highway supervisor	78,800	78,800	73,387	5,413
Clerical salaries	23,214	23,214	23,691	(477)
Longevity	22,400	22,500	22,500	-
Postage	750	750	723	27
Consumable supplies	2,325	2,325	2,510	(185)
Telephone	500	500	450	50
Hardware	13,000	13,000	12,654	346
Miscellaneous	1,350	1,350	1,453	(103)
Clothing allowance	9,600	9,600	9,618	(18)
Training and education	3,500	3,500	3,434	66
Safety and protective	14,000	14,000	16,046	(2,046)
Land damage	1,600	1,600	1,692	(92)
Sidewalk repairs	60,000	60,000	60,000	-
Street signs	8,500	8,500	4,187	4,313
Tree trimming	24,000	4,000	2,095	1,905
Tree removal	15,000	15,000	11,450	3,550
Highway equipment	12,250	12,250	11,958	292
Road maintenance	10,000	10,000	6,042	3,958
Material disposal	20,000	20,000	22,483	(2,483)
Cemetery upkeep	1,000	1,000	199	801
Catch basin cleaning	19,000	19,000	19,254	(254)
Garage diagnostic equipment and tools	3,000	3,000	2,989	11
Leaf program	2,500	2,500	6,149	(3,649)
Unleaded gasoline	15,000	15,000	17,634	(2,634)
Diesel fuel	69,000	69,000	65,436	3,564
Oil and lubrication	5,500	5,500	3,287	2,213
Repairs and maintenance (gas system)	4,000	4,000	804	3,196
Repairs and maintenance	110,000	140,000	138,666	1,334
Miscellaneous materials	1,250	1,250	728	522
Bituminous concrete	30,000	30,000	64,469	(34,469)
Drainage materials	12,000	12,000	11,241	759
Sand and gravel	25,600	25,600	18,855	6,745
Lumber	7,500	7,500	12,420	(4,920)
Pavement treatments	195,000	178,999	142,200	36,799
Annual fertilization program	50,000	50,000	21,952	28,048
Seasonal help	31,960	17,961	17,263	698
Materials, equipment, maintenance	11,000	11,000	40,802	(29,802)
Field work	20,000	20,000	10,224	9,776
Snow removal labor	120,000	240,099	239,652	447
Materials	131,000	199,000	198,296	704
Meal allowance	4,900	4,900	6,051	(1,151)
Total highway department	2,324,980	2,545,299	2,488,530	56,769

(Continued)

Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Sanitation and waste removal:				
Salary of recycling/solid waste manager	\$ 80,787	\$ 80,787	\$ 80,706	\$ 81
General labor	341,414	341,414	330,956	10,458
Clerical salaries	46,428	46,428	46,497	(69)
Longevity	5,160	5,160	5,610	(450)
Postage	2,800	2,800	2,800	-
Advertising	295	295	154	141
Consumable supplies	1,000	1,500	1,203	297
Reproduction and printing	1,000	1,000	-	1,000
Equipment	100	100	-	100
Professional associations and publications	100	100	163	(63)
Clothing allowance	3,100	3,100	3,100	-
Training and education	1	1	-	1
Unleaded gasoline	5,500	5,500	5,180	320
Diesel fuel	11,000	11,000	9,066	1,934
Road maintenance	2,000	2,000	-	2,000
Utilities	6,500	6,500	5,801	699
General operations	51,000	60,500	47,102	13,398
Parts and labor	30,000	35,000	32,106	2,894
Grading and seeding	500	500	120	380
Water testing and monitoring	28,000	28,000	21,950	6,050
Cap maintenance	5,000	5,000	3,458	1,542
Disposal fees (SCRRA)	700,000	690,000	690,484	(484)
Residential collection (SCRRA)	479,000	480,000	479,834	166
Commission coll and rentals (SCRRA)	525,000	515,000	502,121	12,879
SCRRA consulting	1	1	-	1
SCRRA contribution	1	1	-	1
Diesel fuel (SCRRA)	22,000	21,000	16,713	4,287
Repairs and maintenance (SCRRA)	7,500	12,500	8,776	3,724
SCRRA receptacle costs	105,000	105,000	91,561	13,439
Furniture and equipment	1	1	-	1
Total sanitation and waste removal	2,460,188	2,460,188	2,385,461	74,727
Engineering services:				
Town engineer	86,270	86,270	78,264	8,006
Flood plain manager	1	1	-	1
Longevity	-	-	-	-
Phase II storm water	1,000	1,000	854	146
Community rating system	3,500	3,500	2,938	562
Expenses	2,500	2,500	3,128	(628)
Clothing allowance	400	400	400	-
Prof service engineering review	9,000	9,000	9,000	-
Total engineering services	102,671	102,671	94,584	8,087
Operation and maintenance Town building/property:				
Janitorial/maintenance salary	55,518	56,294	56,294	-
Longevity	400	400	400	-
Miscellaneous	2,000	2,000	1,400	600
Heating oil	54,100	54,100	52,726	1,374
Electricity	143,950	141,902	120,623	21,279
Water	6,001	7,239	7,173	66
Sewer use	2,370	2,404	2,403	1
General maintenance	145,250	145,250	132,440	12,810
Street lighting	242,000	242,000	241,047	953
Total operation and maintenance Town building/property	651,589	651,589	614,506	37,083

(Continued)

Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Building official:				
Building official	\$ 82,118	\$ 85,306	\$ 85,306	\$ -
Clerical salaries	46,428	46,847	46,847	-
Longevity	2,280	2,280	2,280	-
Postage	500	500	500	-
Consumable supplies	700	700	51	649
Reproduction and printing	1,000	1,000	760	240
Telephone	300	300	50	250
Equipment	4,000	400	3,379	(2,979)
Professional associations and publications	2,000	2,000	659	1,341
Clothing allowance	400	400	400	-
Training and education	500	500	-	500
Furniture and equipment	1	1	-	1
Technical assistance	20,000	59,993	59,950	43
Total building official	160,227	200,227	200,182	45
Water Pollution Control Authority:				
Clerical salaries	69,642	69,818	69,818	-
Longevity	2,670	2,670	2,670	-
Postage	6,000	6,000	5,981	19
Advertising	1	1	-	1
Consumable supplies	2,500	2,324	1,622	702
Reproduction and printing	1,500	1,500	1,604	(104)
Telephone	100	100	44	56
Equipment	5,000	5,000	4,983	17
Total Water Pollution Control Authority	87,413	87,413	86,722	691
Total department of public works	5,787,068	6,047,387	5,869,985	177,402
Public safety:				
Police services:				
Salary of chief	107,211	107,211	107,107	104
Salary of captain	100,413	100,413	99,401	1,012
Salary of lieutenants	166,620	174,326	163,833	10,493
Salary of sergeants	449,821	472,235	457,264	14,971
Salary of regular officers	1,680,863	1,752,624	1,702,789	49,835
Janitorial/maintenance salary	74,020	74,020	72,598	1,422
Boating safety personnel	14,000	14,000	12,558	1,442
Training personnel services	80,000	80,000	91,511	(11,511)
Communications specialist	321,617	321,987	315,673	6,314
Communications specialist - overtime	20,200	20,200	18,483	1,717
Communications specialist - uniforms	3,600	3,600	3,328	272
Community service officers	26,000	26,000	19,284	6,716
Special officers	20,000	20,000	18,842	1,158
Police commission clerical	2,000	2,000	1,000	1,000
School crossing guards	44,000	44,000	41,465	2,535
Animal control salaries	56,911	56,911	57,022	(111)
School safety personnel	15,000	15,000	15,553	(553)
Clerical salaries	126,712	126,712	119,564	7,148
Regular overtime	146,944	146,944	168,822	(21,878)
Longevity	37,600	37,650	37,650	-
Paid holidays	141,823	145,336	119,459	25,877
Postage	1,700	1,700	1,005	695
Advertising	555	555	1,361	(806)
Consumable supplies	15,000	15,000	14,635	365
Reproduction and printing	5,000	5,000	4,636	364
Equipment	12,000	12,000	10,977	1,023
Professional associations and publications	1,500	1,500	1,420	80
Miscellaneous	7,000	7,000	7,114	(114)
Canine program	5,000	5,000	4,765	235
Furniture and equipment	3,000	3,000	2,872	128
Telecommunications	95,000	95,000	92,646	2,354
Retirement fund	471,018	490,102	494,982	(4,880)
Physicals	7,000	7,000	7,601	(601)
Educational incentive	3,000	3,000	-	3,000
Regular officers - uniforms	25,000	25,000	24,649	351
Special officers - uniforms	1,000	1,000	1,147	(147)

(Continued)

Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Outfitting new officers	\$ 6,000	\$ 6,000	\$ 6,078	\$ (78)
Service officer's equipment	1,500	1,500	1,011	489
Boating safety expenses	13,000	13,000	12,130	870
Building maintenance	24,000	24,000	26,570	(2,570)
Maintenance/operations/radios	6,500	6,500	6,588	(88)
Traffic signs and signals	44,000	44,000	42,056	1,944
Law enforcement council	12,433	12,433	12,433	-
Drug program	5,500	5,500	5,500	-
Postage	180	180	180	-
Advertising	370	370	370	-
Consumable supplies	300	300	19	281
Miscellaneous	750	750	759	(9)
Consumable supplies	6,500	6,500	10,062	(3,562)
Miscellaneous	1,000	1,000	-	1,000
Training	18,000	18,000	15,429	2,571
Telephone	600	600	496	104
Clothing allowance	1,000	1,000	956	44
Professional services	3,500	3,500	2,391	1,109
Building maintenance	2,500	2,500	1,070	1,430
Equipment (emergency vehicles)	6,000	6,000	5,011	989
Unleaded gasoline	101,500	102,179	103,207	(1,028)
Oil and lubrication	3,000	3,000	2,976	24
Parts and labor	39,000	42,842	42,842	-
Tires	6,500	6,500	6,484	16
Total public safety	4,591,761	4,721,180	4,617,634	103,546
Department of human services:				
Office of human services:				
Social services administrator	64,541	64,541	64,477	64
Youth and family services administrator	70,529	70,529	70,781	(252)
Human services program coordinator	41,532	41,532	41,417	115
Youth services program coordinator	16,900	16,900	16,191	709
Counseling services	36,000	36,000	33,041	2,959
Clerical salaries	70,780	70,780	67,040	3,740
Longevity	2,350	2,350	2,350	-
Postage	1,500	1,500	1,500	-
Consumable supplies	2,500	2,500	1,522	978
Telephone	3,000	3,000	2,082	918
Equipment	2,700	2,700	2,690	10
Reproduction and printing	3,750	3,750	3,750	-
Professional associations and publications	1,100	1,100	1,188	(88)
Youth and family services program	7,000	7,000	6,891	109
General assistance	30,000	30,000	28,323	1,677
Miscellaneous	-	-	-	-
Furniture and equipment	1,700	1,700	1,700	-
Training and education	1,000	1,000	1,394	(394)
Total office of human services	356,882	356,882	346,337	10,545
Commission on aging:				
Postage	1,500	1,500	1,500	-
Reproduction and printing	1,100	1,100	1,100	-
Program expense	2,200	2,200	2,200	-
Total commission on aging	4,800	4,800	4,800	-

(Continued)

Town of Stonington, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Recreation:				
Salary of director	\$ 56,952	\$ 56,952	\$ 46,560	\$ 10,392
Other salaries	-	-	-	-
Longevity	300	300	300	-
Officials and instructors	21,659	21,659	21,655	4
Consumable supplies	3,050	3,050	2,859	191
Telephone	200	200	200	-
Program expense	5,000	5,000	6,088	(1,088)
Equipment and trophies	3,200	3,200	2,117	1,083
Parts and labor	4,500	4,500	1,103	3,397
Utilities	2,250	2,250	5,751	(3,501)
Professional association / training	400	400	260	140
Total recreation	97,511	97,511	86,893	10,618
Housing Authority:				
Clerical salaries	700	700	-	700
Libraries:				
Westerly public library	91,810	91,810	91,810	-
Stonington free library	135,000	135,000	135,000	-
Mystic and Noank library	75,000	75,000	75,000	-
Stonington historical society	3,000	3,000	3,000	-
Total libraries	304,810	304,810	304,810	-
Outside agencies:				
Public health and nursing	23,028	23,028	23,028	-
Pawcatuck neighborhood center	165,000	165,000	165,000	-
Como senior citizens center	40,501	40,501	40,501	-
Mystic area shelter and hospital	4,000	4,000	4,000	-
Westerly area rest and meal	6,000	6,000	6,000	-
Westerly adult day services	7,500	7,500	7,500	-
Big Brothers/Big Sisters	-	-	-	-
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	250,529	250,529	250,529	-
Total department of human services	1,015,232	1,015,232	993,369	21,863
Board of Education:				
Education expenditures	34,272,784	34,241,891	34,237,211	4,680
Total expenditures	57,064,228	57,369,301	56,876,612	492,689

(Continued)

Town of Stonington, Connecticut  
  
General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Other financing uses:				
Transfers out:				
Capital nonrecurring	\$ 1,156,434	\$ 1,281,434	\$ 1,281,434	\$ -
Sewer usage fund	300,000	300,000	300,000	-
Miscellaneous fund	-	83,688	83,688	-
	<u>1,456,434</u>	<u>1,665,122</u>	<u>1,665,122</u>	<u>-</u>
Total other financing uses				
	<u>1,456,434</u>	<u>1,665,122</u>	<u>1,665,122</u>	<u>-</u>
Grant total - expenditures and other financing uses	<u>\$ 58,520,662</u>	<u>\$ 59,034,423</u>	<u>\$ 58,541,734</u>	<u>\$ 492,689</u>

(Concluded)



## Town of Stonington, Connecticut

Report of Tax Collector  
Year Ended June 30, 2015

Grand List Year	Uncollected Taxes July 1, 2014	Current Levy	Lawful Corrections		Transfers to Suspense and Other Adjustments	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2015
			Additions	Deductions			Taxes	Interest and Liens	Total	
Suspense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1998	372	-	-	372	-	-	-	714	714	-
1999	2,438	-	-	-	(2,092)	346	346	451	797	-
2000	2,428	-	-	-	(2,247)	181	181	518	699	-
2001	2,534	-	-	-	(2,305)	229	229	106	335	-
2002	1,803	-	-	-	(1,750)	53	53	297	350	-
2003	1,916	-	-	-	(1,732)	184	152	827	979	32
2004	2,113	-	-	3,807	2,309	615	481	1,531	2,012	134
2005	3,202	-	-	-	(1,070)	2,132	974	84	1,058	1,158
2006	4,044	-	-	-	(2,063)	1,981	65	334	399	1,916
2007	9,705	-	-	-	(2,252)	7,453	258	441	699	7,195
2008	8,797	-	-	91	(2,736)	5,970	177	55,671	55,848	5,793
2009	88,217	-	-	185	(2,246)	85,786	75,442	50,383	125,825	10,344
2010	98,120	-	-	188	(2,612)	95,320	83,532	20,234	103,766	11,788
2011	101,938	-	2,625	2,831	(5,641)	96,091	80,244	84,075	164,319	15,847
2012	518,217	-	9,599	12,872	(20,376)	494,568	413,972	-	413,972	80,596
Total Prior Years	845,844	-	12,224	20,346	(46,813)	790,909	656,106	215,666	871,772	134,803
2013	-	53,346,284	63,439	81,355	(17,916)	53,310,452	52,721,144	174,015	52,895,159	589,308
Totals	\$ 845,844	\$ 53,346,284	\$ 75,663	\$ 101,701	\$ (64,729)	\$ 54,101,361	\$ 53,377,250	\$ 389,681	\$ 53,766,931	\$ 724,111

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## **Nonmajor Governmental Funds**

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### **Special Revenue Funds**

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

### **Capital Project Funds**

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

Town of Stonington, Connecticut

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	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	\$ 181,673	\$ 62,036	\$ -	\$ 14,592	\$ 144,279	\$ 196,390
Investments	-	-	-	-	-	-
Receivables, net:						
Assessments/use charges	2,035	-	-	-	-	-
Other	-	-	-	-	-	180
Due from other funds	-	-	402,294	9,491	-	37,430
<b>Total assets</b>	<u>\$ 183,708</u>	<u>\$ 62,036</u>	<u>\$ 402,294</u>	<u>\$ 24,083</u>	<u>\$ 144,279</u>	<u>\$ 234,000</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ 118	\$ 23,543	\$ 11,791	\$ -	\$ 5,018
Unearned revenue	-	-	98,263	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>118</u>	<u>121,806</u>	<u>11,791</u>	<u>-</u>	<u>5,018</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue-sewer charges and assessments	2,035	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>2,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>						
Restricted	181,673	-	280,488	-	-	-
Committed	-	61,918	-	-	144,279	-
Assigned	-	-	-	12,292	-	228,982
<b>Total fund balances</b>	<u>181,673</u>	<u>61,918</u>	<u>280,488</u>	<u>12,292</u>	<u>144,279</u>	<u>228,982</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 183,708</u>	<u>\$ 62,036</u>	<u>\$ 402,294</u>	<u>\$ 24,083</u>	<u>\$ 144,279</u>	<u>\$ 234,000</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue Funds					
	Community Development Block Grant	Recreation Commission Fund	Sewer Usage Fund	Sewer Infiltration Fund	Sewer Development and Mainte- nance Fund	State Assets Forfeiture Program
<u>Assets</u>						
Cash	\$ 2,306	\$ 213,327	\$ 1,044,257	\$ 31,074	\$ 738,002	\$ 4,812
Investments	-	-	10,002	-	-	-
Receivables, net:						
Loans	224,200	-	-	-	-	-
Assessments/use charges	-	-	946,747	-	-	-
Other	-	215	3,257	-	-	-
Due from other funds	-	-	-	-	-	302
Total assets	<u>\$ 226,506</u>	<u>\$ 213,542</u>	<u>\$ 2,004,263</u>	<u>\$ 31,074</u>	<u>\$ 738,002</u>	<u>\$ 5,114</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ 6,217	\$ 11,660	\$ -	\$ -	\$ -
Due to other funds	-	34,908	179,514	-	-	-
Total liabilities	<u>-</u>	<u>41,125</u>	<u>191,174</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue-sewer charges and assessments	-	-	723,324	-	-	-
Unavailable revenue-loans receivable	224,200	-	-	-	-	-
Total deferred inflows of resources	<u>224,200</u>	<u>-</u>	<u>723,324</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>						
Restricted	2,306	-	-	-	-	5,114
Committed	-	-	-	31,074	738,002	-
Assigned	-	172,417	1,089,765	-	-	-
Total fund balances	<u>2,306</u>	<u>172,417</u>	<u>1,089,765</u>	<u>31,074</u>	<u>738,002</u>	<u>5,114</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 226,506</u>	<u>\$ 213,542</u>	<u>\$ 2,004,263</u>	<u>\$ 31,074</u>	<u>\$ 738,002</u>	<u>\$ 5,114</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

		Special Revenue Funds					
		Federal Assets Forfeiture Program	Prepaid Education Grants Fund	DARE Program	Hot Lunch Program	Planning And Development Grant Fund	Human Services Grant
<u>Assets</u>							
Cash		\$ 211	\$ 158,337	\$ 1,344	\$ 58,311	\$ -	\$ -
Investments		-	-	-	-	-	-
Receivables, net:							
Intergovernmental		-	-	-	47,944	-	-
Due from other funds		-	432	-	-	95,282	39,948
Total assets		<u>\$ 211</u>	<u>\$ 158,769</u>	<u>\$ 1,344</u>	<u>\$ 106,255</u>	<u>\$ 95,282</u>	<u>\$ 39,948</u>
<u>Liabilities</u>							
Accounts payable		\$ -	\$ 32,210	\$ -	\$ -	\$ -	\$ -
Due to other funds		200	83,004	-	-	-	6,171
Unearned revenue		-	43,555	-	-	-	25,950
Total liabilities		<u>200</u>	<u>158,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,121</u>
<u>Fund Balances</u>							
Restricted		11	-	-	106,255	-	7,827
Assigned		-	-	1,344	-	95,282	-
Total fund balances		<u>11</u>	<u>-</u>	<u>1,344</u>	<u>106,255</u>	<u>95,282</u>	<u>7,827</u>
Total liabilities and fund balances		<u>\$ 211</u>	<u>\$ 158,769</u>	<u>\$ 1,344</u>	<u>\$ 106,255</u>	<u>\$ 95,282</u>	<u>\$ 39,948</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	Miscellaneous	Total	Capital Nonrecurring	
<u>Assets</u>				
Cash	\$ 432,668	\$ 3,283,619	\$ 1,822,481	\$ 5,106,100
Investments	-	10,002	-	10,002
Receivables, net:				
Loans	-	224,200	-	224,200
Assessments/use charges	-	948,782	-	948,782
Intergovernmental	11,000	58,944	13,077	72,021
Other	-	3,652	-	3,652
Due from other funds	231,682	816,861	-	816,861
Total assets	<u>\$ 675,350</u>	<u>\$ 5,346,060</u>	<u>\$ 1,835,558</u>	<u>\$ 7,181,618</u>
<u>Liabilities</u>				
Accounts payable	\$ 10,762	\$ 101,319	\$ 56,239	\$ 157,558
Due to other funds	11,000	314,797	13,752	328,549
Unearned revenue	-	167,768	-	167,768
Total liabilities	<u>21,762</u>	<u>583,884</u>	<u>69,991</u>	<u>653,875</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue-sewer charges and assessments	-	725,359	-	725,359
Unavailable revenue-loans receivable	-	224,200	-	224,200
Total deferred inflows of resources	<u>-</u>	<u>949,559</u>	<u>-</u>	<u>949,559</u>
<u>Fund Balances</u>				
Nonspendable		-		-
Restricted	-	583,674	-	583,674
Committed	-	975,273	1,765,567	2,740,840
Assigned	653,588	2,253,670	-	2,253,670
Unassigned	-	-	-	-
Total fund balances	<u>653,588</u>	<u>3,812,617</u>	<u>1,765,567</u>	<u>5,578,184</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 675,350</u>	<u>\$ 5,346,060</u>	<u>\$ 1,835,558</u>	<u>\$ 7,181,618</u>

(Concluded)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2015

	Special Revenue Funds					
	Sewer Assessment Fund	Shellfish Fund	Town Aid Road Fund	Dog License Fund	SNEFLA Reserve Fund	Youth Service Activity Fund
Revenues:						
Intergovernmental	\$ -	\$ -	\$ 200,392	\$ -	\$ -	\$ -
Charges for services	11,295	14,249	-	7,805	12,500	78,559
Income from investments	-	137	-	-	127	429
Other	-	-	-	1,312	-	9,833
Total revenues	11,295	14,386	200,392	9,117	12,627	88,821
Expenditures:						
Current:						
General government	-	-	-	-	-	63,572
Public safety	-	9,684	-	7,480	30,000	-
Highway department	-	-	200,392	-	-	-
Recreation	-	-	-	-	-	12,428
Education	-	-	-	-	-	534
Total expenditures	-	9,684	200,392	7,480	30,000	76,534
Excess (deficiency) of revenues over expenditures	11,295	4,702	-	1,637	(17,373)	12,287
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(45,000)	-	-	-	-	-
Net other financing sources (uses)	(45,000)	-	-	-	-	-
Net change in fund balances	(33,705)	4,702	-	1,637	(17,373)	12,287
Fund balances - July 1, 2014	215,378	57,216	280,488	10,655	161,652	216,695
Fund balances - June 30, 2015	\$ 181,673	\$ 61,918	\$ 280,488	\$ 12,292	\$ 144,279	\$ 228,982

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2015

	Special Revenue Funds					
	Community Development Block Grant	Recreation Commission Fund	Sewer Usage Fund	Sewer Infiltration Fund	Sewer Development and Mainte- nance Fund	State Assets Forfeiture Program
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	111,142	2,155,156	-	162,234	-
Income from investments	-	283	53	62	833	1
Other	-	-	3,397	-	-	733
Total revenues	-	111,425	2,158,606	62	163,067	734
Expenditures:						
Current:						
General government	-	-	-	-	-	431
Sanitation and waste removal	-	-	2,331,388	-	-	-
Recreation	-	81,642	-	-	-	-
Capital outlay	-	-	-	-	13,589	-
Total expenditures	-	81,642	2,331,388	-	13,589	431
Excess (deficiency) of revenues over expenditures	-	29,783	(172,782)	62	149,478	303
Other financing sources (uses):						
Transfers in	-	-	300,000	-	-	-
Net change in fund balances	-	29,783	127,218	62	149,478	303
Fund balances - July 1, 2014	2,306	142,634	962,547	31,012	588,524	4,811
Fund balances - June 30, 2015	\$ 2,306	\$ 172,417	\$ 1,089,765	\$ 31,074	\$ 738,002	\$ 5,114

(Continued)



Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2015

	Special Revenue Funds					
	Federal Assets Forfeiture Program	Prepaid Education Grants Fund	DARE Program	Hot Lunch Program	Planning and Development Grant Fund	Human Services Grant
Revenues:						
Intergovernmental	\$ -	\$ 863,247	\$ -	\$ 342,418	\$ -	\$ 35,150
Charges for services	-	-	-	511,665	-	1,200
Total revenues	-	863,247	-	854,083	-	36,350
Expenditures:						
Current:						
General government	1,000	-	-	-	14,273	-
Public safety	-	-	-	-	-	35,150
Education	-	863,247	-	875,527	-	-
Total expenditures	1,000	863,247	-	875,527	14,273	35,150
Net change in fund balances	(1,000)	-	-	(21,444)	(14,273)	1,200
Fund balances - July 1, 2014	1,011	-	1,344	127,699	109,555	6,627
Fund balances - June 30, 2015	\$ 11	\$ -	\$ 1,344	\$ 106,255	\$ 95,282	\$ 7,827

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2015

	Special Revenue Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	Miscellaneous	Total	Capital Nonrecurring	
Revenues:				
Intergovernmental	\$ 109,476	\$ 1,550,683	\$ 13,077	\$ 1,563,760
Charges for services	-	3,065,805	-	3,065,805
Income from investments	164	2,089	2,407	4,496
Other	-	15,275	1,189	16,464
Total revenues	109,640	4,633,852	16,673	4,650,525
Expenditures:				
Current:				
General government	35,121	114,397	-	114,397
Public safety	74,476	156,790	-	156,790
Highway department	-	200,392	-	200,392
Sanitation and waste removal	-	2,331,388	-	2,331,388
Recreation	-	94,070	-	94,070
Health and welfare	-	-	-	-
Education	-	1,739,308	-	1,739,308
Capital outlay	-	13,589	2,373,786	2,387,375
Total expenditures	109,597	4,649,934	2,373,786	7,023,720
Excess (deficiency) of revenues over expenditures	43	(16,082)	(2,357,113)	(2,373,195)
Other financing sources (uses):				
Transfers in	83,688	383,688	1,331,434	1,715,122
Transfers out	-	(45,000)	(50,000)	(95,000)
Net other financing sources (uses)	83,688	338,688	1,281,434	1,620,122
Net change in fund balances	83,731	322,606	(1,075,679)	(753,073)
Fund balances - July 1, 2014	569,857	3,490,011	2,841,246	6,331,257
Fund balances - June 30, 2015	\$ 653,588	\$ 3,812,617	\$ 1,765,567	\$ 5,578,184

(Concluded)

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# Fiduciary Funds

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

## **Private-Purpose Trust Funds**

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

## **Agency Funds**

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

## Town of Stonington, Connecticut

**Agency Funds**  
**Statement of Changes in Assets and Liabilities**  
**Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>Assets</u>				
Cash:				
Student activity	\$ 289,173	\$ 610,763	\$ 646,002	\$ 253,934
Tax sale escrow	12,307	170,064	90,550	91,821
Stonington Harbor management	300	-	-	300
BOE flex account	49,395	144,426	157,975	35,846
Total cash	351,175	925,253	894,527	381,901
Investments:				
Tax sale escrow	79,478	5	79,483	-
Due from other funds:				
Stonington harbor management	19,797	23,550	20,816	22,531
Mystic harbor management	10,312	57,141	58,376	9,077
Total due from other funds	30,109	80,691	79,192	31,608
Total assets	\$ 460,762	\$ 1,005,949	\$ 1,053,202	\$ 413,509
<u>Liabilities</u>				
Accounts payable:				
Student activity	\$ 289,173	\$ 610,763	\$ 646,002	\$ 253,934
Tax sale escrow	91,785	170,069	170,033	91,821
Stonington harbor management	20,097	23,550	20,816	22,831
Mystic harbor management	10,312	57,141	58,376	9,077
BOE flex account	49,395	144,426	157,975	35,846
Total accounts payable	\$ 460,762	\$ 1,005,949	\$ 1,053,202	\$ 413,509

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## **Trend Information**

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Table 1

## Town of Stonington, Connecticut

Net Position by Component  
Last Ten Years  
(Unaudited)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:										
Net investment in capital assets	\$ 88,407,197	\$ 89,847,001	\$ 92,169,328	\$ 89,588,921	\$ 88,872,739	\$ 86,773,619	\$ 83,778,472	\$ 79,816,672	\$ 76,810,058	\$ 40,388,037
Restricted for:										
Public safety	5,125	5,822	5,146	5,145	6,248	-	-	-	-	-
Highway department	280,488	280,488	289,784	161,772	103,222	-	-	-	-	-
Sanitation and waste removal	181,673	215,378	203,662	120,534	88,972	-	-	-	-	-
Human services	10,133	8,933	18,031	5,934	4,525	-	-	-	-	-
Education	106,255	127,699	139,827	141,620	147,265	-	-	-	-	-
Unrestricted	21,570,530	21,079,550	21,431,285	21,800,934	18,794,839	16,990,964	16,625,138	16,764,899	15,376,694	10,068,986
Total net position	<u>\$ 110,561,401</u>	<u>\$ 111,564,871</u>	<u>\$ 114,257,063</u>	<u>\$ 111,824,860</u>	<u>\$ 108,017,810</u>	<u>\$ 103,764,583</u>	<u>\$ 100,403,610</u>	<u>\$ 96,581,571</u>	<u>\$ 92,186,752</u>	<u>\$ 50,457,023</u>

Table 2

## Town of Stonington, Connecticut

Changes in Net Position  
Last Ten Years  
(Unaudited)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
General government	\$ 7,453,587	\$ 7,433,041	\$ 6,683,580	\$ 5,853,817	\$ 5,760,338	\$ 8,017,134	\$ 7,022,960	\$ 8,237,984	\$ 4,971,379	\$ 5,753,136
Public safety	5,665,553	5,422,414	5,521,224	5,581,519	5,315,579	4,169,223	4,478,444	3,800,209	3,870,184	3,856,009
Highway department	4,218,571	4,400,717	3,664,057	3,511,527	3,643,021	3,083,424	2,537,942	2,777,352	2,122,313	2,501,400
Sanitation and waste removal	5,324,794	5,743,250	5,393,478	5,326,217	5,773,771	5,178,102	5,504,529	6,124,733	5,612,727	5,904,320
Health and welfare	727,211	725,329	720,024	777,536	803,803	343,692	581,805	672,159	658,744	659,279
Library	304,810	284,810	284,810	269,810	269,810	189,979	450,316	267,159	267,159	249,159
Recreation	185,163	171,977	174,252	297,402	225,268	183,653	153,603	128,473	128,940	114,811
Education	42,278,343	40,881,875	38,918,207	37,414,978	36,114,479	36,917,998	35,561,107	33,693,404	33,495,682	30,644,301
Interest expense	1,494,879	1,326,010	1,473,813	888,461	907,607	1,439,712	2,191,807	1,770,955	1,544,780	1,913,522
Total expenses	67,652,911	66,389,423	62,833,445	59,921,267	58,813,676	59,522,917	58,482,513	57,472,428	52,671,908	51,595,937
Program revenues:										
Charges for services:										
General government	729,068	851,715	750,359	711,631	741,220	803,809	597,524	968,032	960,447	1,227,325
Public safety	49,590	113,262	112,167	77,259	98,889	286,534	184,482	60,581	51,057	44,271
Highway department	277,393	235,360	199,124	244,472	204,970	256,784	429,827	2,517,134	2,371,438	2,337,035
Sanitation and waste removal	3,967,686	3,887,694	4,091,222	3,986,437	4,384,108	2,189,143	4,313,708	2,426,694	1,807,170	2,035,506
Health and welfare	79,759	96,818	74,649	96,865	78,270	33,825	21,988	5,747	1,035	-
Library	-	-	-	-	-	25,385	5,575	-	-	-
Recreation	111,142	127,833	96,406	113,050	103,883	19,328	95,559	124,812	84,924	49,089
Education	526,982	607,743	675,144	601,777	646,736	2,308,078	678,522	710,631	735,093	714,953
Operating grants and contributions	6,542,596	8,208,821	7,746,843	7,436,627	6,795,674	7,386,033	7,086,405	7,019,039	6,590,101	6,155,082
Capital grants and contributions	200,392	403,710	647,508	425,334	1,560,955	1,937,799	1,228,228	148,937	327,083	1,869,356
Total program revenues	12,484,608	14,532,956	14,393,422	13,693,452	14,614,705	15,246,718	14,641,818	13,981,607	12,928,348	14,432,617
Net expenses:										
Governmental activities	(55,168,303)	(51,856,467)	(48,440,023)	(46,227,815)	(44,198,971)	(44,276,199)	(43,840,695)	(43,490,821)	(39,743,560)	(37,163,320)
General revenues:										
Property taxes	53,659,623	51,881,485	50,686,298	49,810,644	48,620,326	47,505,735	47,149,126	46,834,683	44,062,398	41,874,197
Grants and contributions not restricted to specific programs	294,518	417,790	-	-	-	-	-	-	-	-
Investment income	194,228	196,867	171,959	167,948	196,671	222,137	408,849	962,047	1,289,267	900,590
Miscellaneous	16,464	58,151	13,969	56,273	(364,799)	441,549	59,729	100,806	262,618	410,855
Total general revenues	54,164,833	52,554,293	50,872,226	50,034,865	48,452,198	48,169,421	47,617,704	47,897,536	45,614,283	43,185,642
Change in net position	\$ (1,003,470)	\$ 697,826	\$ 2,432,203	\$ 3,807,050	\$ 4,253,227	\$ 3,893,222	\$ 3,777,009	\$ 4,406,715	\$ 5,870,723	\$ 6,022,322

Table 3

## Town of Stonington, Connecticut

Schedule of Debt Limitation  
Year Ended June 30, 2015  
(Unaudited)

Total tax collections (including interest and lien fees) for current year	\$ 53,766,931
Total tax collections (including interest and lien fees) of city, borough and all other taxing districts within the Town for the current year	4,364,534
Reimbursement for revenue loss on: Tax relief for elderly freeze	<u>3,420</u>
Base for debt limitation computation	<u>\$ 58,134,885</u>

Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 130,803,491	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	261,606,983	-	-	-
3 3/4 times base	-	-	218,005,819	-	-
3 1/4 times base	-	-	-	188,938,376	-
3 times base	-	-	-	-	174,404,655
Total debt limitation	<u>130,803,491</u>	<u>261,606,983</u>	<u>218,005,819</u>	<u>188,938,376</u>	<u>174,404,655</u>
Indebtedness:					
Bonds payable	9,031,600	16,248,400	16,525,000	-	-
Fire District Debt	<u>2,533,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net indebtedness (1)	<u>11,564,710</u>	<u>16,248,400</u>	<u>16,525,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 119,238,781</u>	<u>\$ 245,358,583</u>	<u>\$ 201,480,819</u>	<u>\$ 188,938,376</u>	<u>\$ 174,404,655</u>

## Notes:

(1) The total of the above net indebtedness amounts to:	<u>\$ 44,338,110</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:	<u>\$ 406,944,195</u>



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**Federal  
Single  
Audit**

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**Town of Stonington, Connecticut**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through-Entity Identifying Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553		\$ 45,274
National School Lunch Program - Cash	10.555		240,890
National School Lunch Program - Commodities	10.555		<u>34,755</u>
Total Child Nutrition Cluster			<u>320,919</u>
<u>U.S. Department of the Interior</u>			
Passed through State Department of Energy and Environmental Protection:			
Clean Vessel Act Program	15.616		<u>901</u>
<u>U.S. Department of Justice</u>			
Passed through State Office of Policy and Management:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>35,077</u>
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	12602-DOT57151-22108	13,373
State and Community Highway Safety	20.600	12602-DOT57513-20559	<u>5,784</u>
Total U.S. Department of Transportation			<u>19,157</u>
<u>U.S. Department of Education</u>			
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies		12060-20679-82070-2014-170002-SDE00005	74,340
Title I Grants to Local Educational Agencies		12060-20679-82070-2015-170002-SDE00005	<u>153,622</u>
Total Title I Grants to Local Educational Agencies	84.010		<u>227,962</u>
Special Education - Cluster:			
Special Education - Grants to States (IDEA, Part B)		12060-20977-82032-2014-170002	25,069
Special Education - Grants to States (IDEA, Part B)		12060-20977-82032-2015-170002	<u>429,467</u>
Total Special Education - Grants to States (IDEA, Part B)	84.027		454,536
Special Education - Preschool Grants (IDEA Preschool)	84.173	12060-20983-82032-2015-170002	<u>11,580</u>
Total Special Education - Cluster			<u>466,116</u>
Career and Technical Education - Basic Grants to States	84.048	12060-20742-84010-2015-170002	<u>20,564</u>
Improving Teacher Quality State Grants		12060-20858-84131-2014-170002	14,099
Improving Teacher Quality State Grants		12060-20858-84131-2015-170002	<u>44,259</u>
Total Improving Teacher Quality State Grants	84.367		<u>58,358</u>
Total U.S. Department of Education			<u>773,000</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State Emergency Services and Public Protection:			
Emergency Management Performance Grants	97.042	12060-DPS32160-21881	<u>7,621</u>
Grand Total Federal Awards			<u>\$ 1,156,675</u>

**Town of Stonington, Connecticut**

**Notes to Schedule of Expenditures of Federal Awards  
June 30, 2015**

**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 \$34,755 of USDA donated commodities under the National School Lunch Program.

**3. Prior year findings and questioned costs**

There were no prior year audit findings or questioned costs.

**Town of Stonington, Connecticut**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

**I. Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?       yes   x  no

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553/10.555	Child Nutrition Cluster
84.027/84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee?   x  yes       no

**II. Financial Statement Findings**

None

**III. Federal Award Findings and Questioned Costs**

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

Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Board of Finance  
Town of Stonington, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 28, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Hartford, Connecticut  
December 28, 2015

Independent Auditor's Report on Compliance for Each  
Major Federal Program and Report on Internal Control over  
Compliance Required by OMB Circular A-133

Board of Finance  
Town of Stonington, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Stonington, Connecticut's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town's major Federal programs for the year ended June 30, 2015. The Town's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Town's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Town's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

### *Report on Internal Control over Compliance*

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Hartford, Connecticut  
December 28, 2015



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**State  
Single  
Audit**

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**Town of Stonington, Connecticut**

**Schedule of Expenditures of State Financial Assistance  
Year Ended June 30, 2015**

State Grantor/Pass-through Grantor/Program Title	State Grant Program Core-Ct Number	Expenditures
<u>Department of Education:</u>		
Adult Education	11000-SDE64370-17030	\$ 15,465
Health Services	11000-SDE64370-17034	9,569
School Breakfast	11000-SDE64370-17046	18,653
Youth Services Bureau	11000-SDE64370-17052	19,373
Magnet Schools	11000-SDE64370-17057	61,100
Youth Services Bureau Enhancement	11000-SDE64370-16201	6,171
Child Nutrition State Matching Grant	11000-SDE64370-16211	9,347
Healthy Foods Initiative	11000-SDE64370-16212	19,178
Common Core Grant	11000-SDE64370-12566	13,682
<u>Department of Energy and Environmental Protection:</u>		
Harbor Break-Water Grant In-Aid	11000-DEP43760-10020	30,000
<u>Department of Transportation:</u>		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	200,392
<u>Office of Policy and Management:</u>		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	21,561
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	1,689
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	115,987
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	3,420
Property Tax Relief for Veterans	11000-OPM20600-17024	17,216
Municipal Grants-In Aid	12052-OPM20600-43587	94,362
<u>Department of Emergency Services and Public Protection:</u>		
Telecommunications Fund	12060-DPS32740-35190	52,476
<u>Connecticut State Library:</u>		
Historic Documents Preservation Grants	12060-CSL66094-35150	5,000
Total State Financial Assistance before Exempt Programs		<u>714,641</u>
<u>Exempt Programs:</u>		
<u>Department of Education:</u>		
Transportation of School Children	11000-SDE64000-17027	22,846
Education Cost Sharing	11000-SDE64000-17041-82010	1,961,943
Excess Cost - Student Based	11000-SDE64000-17047	820,216
Nonpublic School Transportation	11000-SDE64000-17049	2,592
<u>Office of Policy And Management:</u>		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	40,283
Total Exempt Programs		<u>2,847,880</u>
Total State Financial Assistance		<u><u>\$ 3,562,521</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 June 30, 2015

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, 2015. 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, 2015:

#### Department of Energy and Environmental Protection:

Clean Water Funds 21014-OTT14230-40001:

<u>Grant ID</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>July 1, 2014</u>	<u>Balance Retired</u>	<u>Balance June 30, 2015</u>
196-C1	1998	2.0%	\$ 1,563,519	\$ 225,463	\$ 75,154	\$ 150,309
196-CD1	06/30/00	2.0%	1,148,280	<u>231,694</u>	<u>75,712</u>	<u>155,982</u>
				<u>\$ 457,157</u>	<u>\$ 150,866</u>	<u>\$ 306,291</u>

#### 3. Prior year findings and questioned costs

There were no prior year audit findings or questioned costs.

**Town of Stonington, Connecticut**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

      yes   x  no

**State Financial Assistance**

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

      yes   x  no

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Office of Policy and Management:		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	\$ 115,987
Municipal Grants-In Aid	12052-OPM20600-43587	94,362
Department of Transportation:		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	200,392

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

**Town of Stonington, Connecticut**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

II. Financial Statement Findings

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

III. State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs reported relating to State Financial Assistance programs.

Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Board of Finance  
Town of Stonington, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 28, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Hartford, Connecticut  
December 28, 2015

Independent Auditor's Report on Compliance for Each Major  
State Program and Report on Internal Control Over  
Compliance Required by the State Single Audit Act

Board of Finance  
Town of Stonington, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Stonington, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2015. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.



### *Opinion on Each Major State Program*

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

### *Report on Internal Control over Compliance*

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

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

Hartford, Connecticut  
December 28, 2015