

Annual Financial Report
of the
Town of Stonington, Connecticut
For the Year Ended June 30, 2018

Town of Stonington, Connecticut

**Annual Financial Report
For the Year Ended June 30, 2018**

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Introductory Section

Town of Stonington, Connecticut

**List of Principal Officials
June 30, 2018**

Board of Selectmen

Rob Simmons, First Selectman
John Prue, Selectman
Kate Rotella, Selectwoman

Board of Finance

June Strunk, Chairwoman
Glenn Frishman
Michael Fauerbach
Blunt White
Timothy O'Brien
Lynn Young
Danielle Chesebrough

Town Departments

James Sullivan, CPA, Director of Finance
Samuel Grimes, Treasurer
Gary Shettle, Board of Education Director of Finance
Marsha Standish, Assessor
Linda Carmelio, Tax Collector
Dr. Van W. Riley, Superintendent of Schools
Barbara McKrell, Public Works Director
Douglas Nettleton, Director - W.P.C.A.
Cynthia Costa Ladwig, Town Clerk
J. Darren Stewart, Chief of Police
Lawerence Stannard, Building Official
Scot Deledda, Town Engineer
Vincent Pacileo III, Director of Administrative Services
John Phetteplace - Solid Waste Manager
Leanne Theodore, Director of Human Services

Auditors

PKF O'Connor Davies, LLP

Financial Section

Independent Auditors' Report

Board of Finance
Town of Stonington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut ("Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons and the pension plan and other post-employment benefit plan schedules on pages 5 to 13 and pages 77 to 103, 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.

Supplementary and Other Information

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

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

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

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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 January 23, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 23, 2019



TOWN OF STONINGTON

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

Management's Discussion and Analysis For the Year Ended June 30, 2018

As management of the Town of Stonington, Connecticut ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. Please read it in conjunction with the Town's financial statements immediately following this section.

Financial Highlights

- ◆ The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$126,131,292 (net position). Of this amount, \$32,378,538 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- ◆ The Town's total net position increased by \$13,968,887. The increase is due primarily to the positive operations of the general fund of \$1,422,106, the positive operations of the Pre K-5 School Construction fund of \$4,176,285, as well as the net effect from the net increase in capital asset activity of \$33,045,957 and net debt activity of \$(24,076,051) resulting from the conversion from the modified accrual basis of accounting to the accrual method of accounting as detailed on Exhibit E.
- ◆ As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$43,011,596, an increase of \$5,557,473 in comparison with the prior year. The majority of the increase is due to the positive operations of the General Fund, with a budget surplus of \$1,422,106, and of the Pre K-5 School Construction fund with positive results of \$4,176,285, due to the timing of financing for the two school projects.
- ◆ At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,028,605, or 21.2% of total general fund budgetary expenditures and transfers.
- ◆ The Town's bonded debt and notes payable increased by \$22,606,483 during the current fiscal year due to the issuance of new bonded debt for the Pre K-5 school construction project and the issuance of bonds and bond anticipation notes totaling \$27,000,000 offset by scheduled principle payments.

Overview of the Basic Financial Statements

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

Government-wide financial statements

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Sewer Usage Fund and PreK-5 School Construction Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements on Schedules 2 and 3.

Proprietary funds

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

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 for budgetary comparisons and the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$126,131,292 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (72.6%) reflects its investment in capital assets (e.g., land, construction in progress, land and building improvements, buildings, machinery, equipment, infrastructure and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-Wide Financial Analysis

Statements of Net Position

	<u>2018</u>	<u>2017</u> (as restated)
Current and other assets	\$ 71,384,308	\$ 46,937,701
Capital assets (net)	<u>166,659,185</u>	<u>133,613,228</u>
Total assets	<u>238,043,493</u>	<u>180,550,929</u>
Deferred outflows of resources	<u>3,687,882</u>	<u>5,511,288</u>
Other liabilities	29,639,158	9,817,692
Long-term liabilities	<u>83,990,454</u>	<u>64,071,542</u>
Total liabilities	<u>113,629,612</u>	<u>73,889,234</u>
Deferred inflows of resources	<u>1,970,471</u>	<u>10,578</u>
Net position:		
Net investment in capital assets	91,526,714	90,224,341
Restricted	2,226,040	1,570,821
Unrestricted	<u>32,378,538</u>	<u>20,367,243</u>
Total net position	<u>\$ 126,131,292</u>	<u>\$ 112,162,405</u>

A small portion of the Town's net position, 1.8%, represents resources that are subject to external restrictions on how they may be used.

The unrestricted balance is 25.7%, and may be used to meet the Town's ongoing obligations to citizens and creditors.

Government-Wide Financial Analysis (continued)

Statements of Changes in Net Position

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 6,703,800	\$ 6,430,274
Operating grants and contributions	10,719,048	7,911,926
Capital grants and contributions	10,284,845	1,676,993
General revenues:		
Property taxes	61,540,895	58,995,604
Grants and contributions not restricted to specific programs	322,486	461,343
Use of money and property	481,983	155,775
Other	103,366	42,828
Total revenues	<u>90,156,423</u>	<u>75,674,743</u>
Expenses:		
General government	7,359,321	7,980,223
Public safety	7,554,488	5,436,321
Highway department	4,708,936	4,613,473
Sanitation and waste removal	5,142,449	5,652,720
Human services	959,903	1,652,941
Libraries	330,500	329,500
Recreation	311,665	250,966
Education	47,503,219	44,882,290
Interest expense	2,317,055	2,112,956
Total expenses	<u>76,187,536</u>	<u>72,911,390</u>
Increase in net position	13,968,887	2,763,353
Net position - July 1 (as restated)	112,162,405	109,126,973
Restatement for GASB 84 implementation	-	47,879
Other (see Note IV I)	-	224,200
Net position - June 30	<u>\$ 126,131,292</u>	<u>\$ 112,162,405</u>

Property taxes comprise 68.3% of revenues, followed by grants and contributions 23.7%, charges for services 7.4% and investment earnings/miscellaneous 0.7%.

Significant revenue related changes are as follows:

- Operating grants and contributions increased by \$2,807,122 substantially due to an increase in the amount of on-behalf payments recorded for the State Teachers' pension and OPEB plans of \$2,433,476, and \$668,573, respectively, offset by reductions in other State funding.
- Capital grants and contributions increased by \$8,607,852 primarily due to the school construction grant in the amount of \$9,942,301 for the PreK-5 school construction project, offset by a decrease in Local Capital Improvement Grant (LOCIP) funding of \$575,000 from the prior year.

Government-Wide Financial Analysis (continued)

With respect to expenses, 62.4% of the Town's expenses relates to education, followed by 9.9% to public safety, 9.7% to general government, 6.8% to sanitation and waste removal, 6.1% to highway department, 3.0% to interest on long-term debt, 1.3% to human services, 0.4% to library and 0.4% to recreation.

- ◆ Public safety expenses increased by \$2,118,167 primarily due to an increase in MERS pension expense of \$1,830,108.
- ◆ Human services expenses decreased by \$693,038 due to the expenditure of the Community Development Block Grant program proceeds for improvements to the Edythe K. Richmond housing complex in the prior year.
- ◆ Education expenses increased by \$2,620,929 primarily due to an increase of \$3,102,049 in the on-behalf amount recorded for State Teachers' pension and OPEB offset by decreases of \$348,780 for capital lease debt service activity.
- ◆ Interest on long term debt increased by \$204,099 due to the issuance of new debt.

Financial Analysis of the Town's Funds

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

Governmental funds

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

The Town reports fund balance in 5 categories. The following are the categories and definitions:

- Nonspendable fund balance – not in spendable format such as inventories and prepaid expenses.
- Restricted fund balance - limitations imposed by external parties, grantors or by legislation.
- Committed fund balance - can only be spent for specific purposes as established by the government's highest level of decision-making authority or contractual obligations.
- Assigned fund balance - amounts that are intended for a specific purpose but do not meet the definition of restricted or committed (i.e., designated for subsequent year's budget).
- Unassigned fund balance - amounts available for any purpose.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$43,011,596, an increase of \$5,557,473 in comparison with the prior year. \$14,028,605, or 32.6% 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. Nonspendable for community development block grant receivables (\$224,200).
2. Restricted due to grant restrictions or legal requirements (\$2,226,040).
3. Committed for capital projects (\$21,338,034).
4. Assigned for subsequent year's budget, encumbrances or specific purposes (\$5,194,717).

General Fund. The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,028,605, while total fund balance reached \$17,946,471. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21.2% of total general fund budgetary expenditures and transfers out, while total fund balance represents 27.1% of that same amount.

During the current fiscal year, the fund balance of the Town's general fund increased by \$1,422,106. The increase was substantially attributable to property tax revenues exceeding the amount budgeted by \$605,362 and charges for services exceeding the amount budgeted by \$508,662. In addition, the budget was underspent by a total of \$1,608,648, led by general government underspent by \$1,266,838 due to the under expending of several salary line items and associated benefits as well as not using the \$850,000 contingency line for loss of State education grants.

The other significant line item underspent was the public safety line which has a positive variance of \$146,011 due to the under expenditure of officer salaries and associated benefits.

These items were partially offset by the Town budgeting the use of fund balance of \$1,893,000 and additional appropriations of \$337,875 which are discussed under budgetary highlights.

Sewer Usage Fund. The fund accounts for the Town's sewer usage operations. During the year, expenditures exceeded revenues and operating transfers in by \$20,533. Net position at year end was \$616,735.

PreK-5 School Construction. The fund accounts for financial resources to be used for two PreK - 5 school construction projects. During the year, the fund had expenditures of \$34,721,120. Funding sources include state grants for school construction progress payments and debt issuance totaling \$27,000,000 with a related bond premium of \$1,770,760. This effectively increased the fund balance of \$11,659,474 in the prior year to fund balance of \$15,835,759, an increase of \$4,176,285.

Proprietary Funds

The Medical Self-Insurance internal service fund and the Town Dock Self-Insurance fund are the Town's only proprietary funds. Unrestricted net position for the Medical Self-Insurance Fund at year end was \$2,478,606, an increase of \$12,007 from the prior year. Unrestricted net position for the Town Dock Self-Insurance Fund at year end was \$655,777, an increase of \$63,788 from the prior year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$420,152. The significant additional appropriations and budget transfers were as follows:

- ◆ Increase of \$337,875 to appropriations and transfers out to the capital nonrecurring fund for the Bayview Avenue Drainage project and the police radio installation.

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets amounts to \$166,659,185 (net of accumulated depreciation). This investment in capital assets is as follows:

Capital Assets (Net of Depreciation)

	2018	2017
Land	\$ 12,709,836	\$ 12,709,836
Construction in progress	60,734,351	24,595,014
Land and building improvements	6,079,969	6,364,759
Buildings	31,116,496	32,392,084
Machinery and equipment	2,162,507	2,307,135
Infrastructure	51,990,329	53,830,228
Vehicles	1,865,697	1,414,172
Total	\$ 166,659,185	\$ 133,613,228

The capital assets (net of depreciation) increased in the current year by \$33,045,957. The increase is due to capital additions exceeding depreciation expense. In the current year, the Town had capital asset additions totaling \$37,527,046. Major capital asset additions consisted of the following:

- PreK-5 construction projects – construction in progress of \$34,575,127.
- Sewer improvements and equipment of \$886,563.
- Public works vehicles of \$650,314.

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

Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$74,555,547. All debt is backed by the full faith and credit of the Town.

	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 67,515,000	\$ 51,895,000
Bond anticipation notes	7,000,000	-
Notes	<u>40,547</u>	<u>54,064</u>
Totals	<u>\$ 74,555,547</u>	<u>\$ 51,949,064</u>

During the current fiscal year, the Town's total bonded debt increased by a net \$22,606,483. The increase was due to the issuance of \$20,000,000 of new bonded debt and \$7,000,000 of bond anticipation notes for the Pre K-5 construction projects, offset by scheduled principle payments on outstanding bonded debt of \$4,393,517.

The Town maintains an "Aa1" credit rating from Moody's Investor Service. and a rating from Standard and Poors of AA+.

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 \$445,896,248, 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 2018, the unemployment rate for the Town was at 3.6%, which compares favorably to the state's average unemployment rate of 4.5% and a national unemployment rate of 4.0%.

Requests for Information

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

Basic Financial Statements

Town of Stonington, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2018

<u>Assets</u>		
Current assets:		
Cash		\$ 14,806,974
Investments		50,141,565
Receivables:		
Property taxes		365,187
Assessments/user charges		852,419
Intergovernmental		1,806,365
Other		379,855
Other		32,713
		<hr/>
Total current assets		68,385,078
		<hr/>
Noncurrent assets:		
Restricted assets:		
Temporarily restricted:		
Cash		125,233
Investments		706,461
		<hr/>
Total restricted assets		831,694
		<hr/>
Receivables (net):		
Property taxes		92,661
Loans		224,200
Assessments/user charges		129,401
		<hr/>
Total receivables (net)		446,262
		<hr/>
Other noncurrent assets:		
Net pension asset		1,721,274
		<hr/>
Capital assets (net of accumulated depreciation):		
Land		12,709,836
Construction in progress		60,734,351
Land and building improvements		6,079,969
Buildings		31,116,496
Machinery and equipment		2,162,507
Infrastructure		51,990,329
Vehicles		1,865,697
		<hr/>
Total capital assets		166,659,185
		<hr/>
Total noncurrent assets		169,658,415
		<hr/>
Total assets		238,043,493
		<hr/>
<u>Deferred Outflows of Resources</u>		
Deferred charges on refunding		1,178,890
Deferred outflows related to pensions		2,383,949
Deferred outflows related to OPEB		125,043
		<hr/>
Total deferred outflows of resources		3,687,882
		<hr/>

(Continued)

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

Town of Stonington, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2018

<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 5,519,832
Retainage payable	1,642,267
Accrued payroll and related liabilities	305,692
Accrued interest payable	882,077
Unearned revenue	474,560
Performance bonds and customer deposits	835,287
Claims payable	510,000
Bond anticipation notes	13,000,000
Bonds and notes payable	5,223,516
Capital leases	781,776
Compensated absences	439,151
Landfill postclosure costs	25,000
	<hr/>
Total current liabilities	29,639,158
Noncurrent liabilities:	
Bonds, notes, and related liabilities	73,257,418
Capital leases	1,040,591
Compensated absences	1,317,453
Landfill postclosure costs	150,000
Heart and hypertension	352,879
Net pension liability	4,174,076
Net OPEB liability	3,698,037
	<hr/>
Total noncurrent liabilities	83,990,454
	<hr/>
Total liabilities	113,629,612
	<hr/>
<u>Deferred Inflows of Resources</u>	
Deferred inflows related to pension	200,068
Deferred inflows related to OPEB	1,770,403
	<hr/>
Total deferred inflows of resources	1,970,471
	<hr/>
<u>Net Position</u>	
Net investment in capital assets	91,526,714
Restricted for:	
Public safety	9,036
Highway department	333,087
Sanitation and waste removal	1,806,219
Human services	8,606
Housing rehabilitation programs	2,321
Education	66,771
Unrestricted	32,378,538
	<hr/>
Total net position	\$ 126,131,292
	<hr/>

(Concluded)

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

Town of Stonington, Connecticut
Statement of Activities
Governmental Activities
For the Year Ended June 30, 2018

16

Functions/Programs	Expenses	Program Revenues			Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 7,359,321	\$ 1,067,646	\$ 4,000	\$ 45,536	\$ (6,242,139)
Public safety	7,554,488	512,811	120,603	-	(6,921,074)
Highway	4,708,936	511,127	-	297,008	(3,900,801)
Sanitation and waste removal	5,142,449	3,807,802	-	-	(1,334,647)
Human services	959,903	-	15,412	-	(944,491)
Libraries	330,500	-	-	-	(330,500)
Recreation	311,665	257,906	17,789	-	(35,970)
Education	47,503,219	546,508	10,561,244	9,942,301	(26,453,166)
Interest expense	2,317,055	-	-	-	(2,317,055)
Total	\$ 76,187,536	\$ 6,703,800	\$ 10,719,048	\$ 10,284,845	(48,479,843)
General revenues:					
Property taxes					61,540,895
Grants and contributions not restricted to specific programs					322,486
Use of money and property					481,983
Other					103,366
Total general revenues					62,448,730
Change in net position					13,968,887
Net position - July 1, 2017 (as restated)					112,162,405
Net position - June 30, 2018					\$ 126,131,292

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

Town of Stonington, Connecticut

Balance Sheet
Governmental Funds
June 30, 2018

	General	Sewer Usage Fund	Pre K-5 School Construction	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 2,796,497	\$ 1,817,561	\$ -	\$ 8,144,911	\$ 12,758,969
Restricted cash	125,233	-	-	-	125,233
Investments	50,141,565	-	-	-	50,141,565
Restricted investments	696,397	10,064	-	-	706,461
Receivables (net):					
Property taxes	475,821	-	-	-	475,821
Loans	-	-	-	224,200	224,200
Assessments/use charges	-	980,163	-	1,657	981,820
Intergovernmental	13,785	-	1,728,374	64,206	1,806,365
Other	309,967	3,336	-	66,552	379,855
Due from other funds	1,345,107	-	32,270,948	1,591,807	35,207,862
Other	32,713	-	-	-	32,713
Total assets	\$ 55,937,085	\$ 2,811,124	\$ 33,999,322	\$ 10,093,333	\$ 102,840,864
<u>Liabilities</u>					
Accounts payable	\$ 1,212,120	\$ 277,853	\$ 3,679,933	\$ 349,926	\$ 5,519,832
Accrued payroll and related liabilities	305,692	-	-	-	305,692
Retainage payable	-	-	1,483,630	158,637	1,642,267
Due to other funds	35,385,602	922,716	-	495,922	36,804,240
Unearned revenue	-	-	-	474,560	474,560
Performance bonds and customer deposits	821,630	13,657	-	-	835,287
Bond anticipation notes payable	-	-	13,000,000	-	13,000,000
Total liabilities	37,725,044	1,214,226	18,163,563	1,479,045	58,581,878
<u>Deferred Inflows of Resources</u>					
Unavailable revenue:					
Property taxes	265,570	-	-	-	265,570
Sewer charges and assessments	-	980,163	-	1,657	981,820
Total deferred inflows of resources	265,570	980,163	-	1,657	1,247,390
<u>Fund Balances</u>					
Nonspendable	-	-	-	224,200	224,200
Restricted	-	616,735	-	1,609,305	2,226,040
Committed	-	-	15,835,759	5,502,275	21,338,034
Assigned	3,917,866	-	-	1,276,851	5,194,717
Unassigned	14,028,605	-	-	-	14,028,605
Total fund balances	17,946,471	616,735	15,835,759	8,612,631	43,011,596
Total liabilities, deferred inflows of resources and fund balances	\$ 55,937,085	\$ 2,811,124	\$ 33,999,322	\$ 10,093,333	\$ 102,840,864

(Continued)

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

Town of Stonington, Connecticut

Reconciliation of Fund Balances to Net Position
June 30, 2018

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

Total fund balances (Exhibit C, Page 1)	\$ 43,011,596
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	133,613,228
Current year additions (net of construction in progress decreases)	37,500,234
Depreciation expense	(4,454,277)

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	43,027
Allowance for doubtful accounts	(61,000)
Net pension asset	1,721,274
Deferred charges on refunding	1,178,890
Deferred outflows related to pensions	2,383,949
Deferred outflows related to OPEB	125,043

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	1,247,390
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Internal service funds are used by management to charge the cost of medical insurance premiums and general liability and property damage premiums to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	3,134,383
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Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bond, BAN's and notes payable	(74,555,547)
Premiums	(3,925,387)
Capital lease obligations	(1,822,367)
Compensated absences	(1,756,604)
Landfill postclosure costs	(175,000)
Heart and hypertension	(352,879)
Net OPEB liability	(3,698,037)
Net pension liability	(4,174,076)
Accrued interest payable	(882,077)
Deferred inflows related to pension	(200,068)
Deferred inflows related to OPEB	(1,770,403)

Net position (Exhibit A)	<u>\$ 126,131,292</u>
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(Concluded)

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

Town of Stonington, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General	Sewer Usage Fund	Pre K-5 School Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 61,609,175	\$ -	\$ -	\$ -	\$ 61,609,175
Intergovernmental	8,900,389	-	9,942,301	2,483,689	21,326,379
Charges for services	3,361,262	2,271,434	-	1,352,450	6,985,146
Use of money and property	233,808	-	184,344	45,771	463,923
Other	-	8,332	-	95,034	103,366
Total revenues	74,104,634	2,279,766	10,126,645	3,976,944	90,487,989
Expenditures:					
Current:					
General government	7,542,136	-	-	82,907	7,625,043
Public safety	5,345,573	-	-	462,873	5,808,446
Highway	2,434,356	-	-	374,313	2,808,669
Sanitation and waste removal	2,503,628	2,600,299	-	-	5,103,927
Human services	422,784	-	-	48,897	471,681
Social services	311,925	-	-	-	311,925
Recreation	112,830	-	-	198,835	311,665
Libraries	330,500	-	-	-	330,500
Payments to other civic divisions	187,677	-	-	-	187,677
Education	43,386,381	-	-	2,573,311	45,959,692
Debt service	6,358,706	-	-	1,388,239	7,746,945
Capital outlay	-	-	34,721,120	3,202,033	37,923,153
Total expenditures	68,936,496	2,600,299	34,721,120	8,331,408	114,589,323
Excess (deficiency) of revenues over expenditures	5,168,138	(320,533)	(24,594,475)	(4,354,464)	(24,101,334)
Other financing sources (uses):					
Issuance of debt	-	-	27,000,000	-	27,000,000
Capital leases	-	-	-	888,047	888,047
Bond premium	-	-	1,770,760	-	1,770,760
Transfers in	45,000	300,000	-	3,491,032	3,836,032
Transfers out	(3,791,032)	-	-	(45,000)	(3,836,032)
Net other financing sources (uses)	(3,746,032)	300,000	28,770,760	4,334,079	29,658,807
Net change in fund balances	1,422,106	(20,533)	4,176,285	(20,385)	5,557,473
Fund balances - July 1, 2017 (as restated)	16,524,365	637,268	11,659,474	8,633,016	37,454,123
Fund balances - June 30, 2018	\$ 17,946,471	\$ 616,735	\$ 15,835,759	\$ 8,612,631	\$ 43,011,596

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

Town of Stonington, Connecticut
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds (Exhibit D) \$ 5,557,473

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	37,500,234
Depreciation expense	<u>(4,454,277)</u>
Total	<u>33,045,957</u>

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	(412,293)
Change in property tax interest and lien revenue	(35,333)
Change in property tax allowance for doubtful accounts	<u>98,000</u>
Total	<u>(349,626)</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	(27,000,000)
Premiums	(1,594,760)
Capital leases	(888,047)
Principal payments:	
General obligation bonds	4,380,000
Notes payable	13,517
Premiums	289,757
Capital leases	807,690
Deferred charges on refunding	<u>(84,208)</u>
Total	<u>(24,076,051)</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	269,211
Pension liability	507,563
Net pension asset	458,289
OPEB liability	1,752,831
Heart and hypertension	554,403
Landfill postclosure costs	25,000
Amortization of deferred outflows of resources	(1,728,621)
Amortization of deferred inflows of resources	(1,970,471)
Accrued interest payable	<u>(152,866)</u>
Total	<u>(284,661)</u>

Internal service funds are used by management to charge costs of medical insurance premiums to individual departments (change in net position) 75,795

Change in net position (Exhibit B) \$ 13,968,887

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

Town of Stonington, Connecticut

Statement of Net Position
 Proprietary Funds
 June 30, 2018

	<u>Internal Service Fund</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 2,048,005
Due from other funds	<u>1,596,378</u>
Total current assets	<u>3,644,383</u>
<u>Liability</u>	
Current liability:	
Claims payable	<u>510,000</u>
<u>Net Position</u>	
Unrestricted	<u>\$ 3,134,383</u>

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

Town of Stonington, Connecticut

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018**

	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services	<u>\$ 7,106,601</u>
Operating expenses:	
Medical claims	5,838,606
Administration and insurance	<u>1,210,260</u>
Total operating expenses	<u>7,048,866</u>
Operating income (loss)	57,735
Nonoperating revenues:	
Investment income	<u>18,060</u>
Change in net position	75,795
Net position - July 1, 2017	<u>3,058,588</u>
Net position - June 30, 2018	<u><u>\$ 3,134,383</u></u>

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

Town of Stonington, Connecticut

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	<u>Internal Service Fund</u>
Cash flows from operating activities:	
Cash received for charges	\$ 6,277,244
Cash paid for claims and other	(5,913,606)
Cash paid for administration	<u>(1,210,260)</u>
Net cash provided by (used in) operating activities	(846,622)
Cash flows from investing activities:	
Investment income	<u>18,060</u>
Net increase (decrease) in cash	(828,562)
Cash - July 1, 2017	<u>2,876,567</u>
Cash - June 30, 2018	<u><u>\$ 2,048,005</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ 57,735
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Interfunds	(829,357)
Increase (decrease) in:	
Claims payable	<u>(75,000)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (846,622)</u></u>

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

Town of Stonington, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Pension and OPEB Trust Funds	Private- Purpose Trust Fund	Custodial Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash	\$ 86,113	\$ 18,578	\$ 404,075
Contributions receivable	<u>449,903</u>	<u>-</u>	<u>-</u>
Investments:			
Mutual funds:			
Money market	564,448	-	-
Fixed income	177,780	-	-
Bond	11,766,738	-	-
Equity	22,209,167	-	-
Certificates of deposit	485,275	107,551	-
Equities	343,992	-	-
Municipal bonds	195,067	-	-
Corporate bonds	<u>420,305</u>	<u>-</u>	<u>-</u>
Total investments	<u>36,162,772</u>	<u>107,551</u>	<u>-</u>
Total assets	<u>36,698,788</u>	<u>126,129</u>	<u>404,075</u>
<u>Net Position</u>			
Restricted for:			
Pensions	33,601,277	-	-
OPEB	3,097,511	-	-
Individuals and organizations	<u>-</u>	<u>126,129</u>	<u>404,075</u>
Total net position	<u>\$ 36,698,788</u>	<u>\$ 126,129</u>	<u>\$ 404,075</u>

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

Town of Stonington, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Pension and OPEB Trust Funds	Private- Purpose Trust Fund	Custodial Funds
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Contributions:			
Employer	\$ 1,537,403	\$ -	\$ -
Employee	264,968	-	-
Private	-	200	-
Charges for services	<u>-</u>	<u>-</u>	<u>711,747</u>
 Total	<u>1,802,371</u>	<u>200</u>	<u>711,747</u>
 Investment income (loss):			
Net change in fair value of investments	1,620,494	-	-
Interest and dividends	<u>781,924</u>	<u>-</u>	<u>-</u>
 Total investment income (loss)	2,402,418	-	-
 Less investment expense	<u>42,236</u>	<u>-</u>	<u>-</u>
 Net investment income (loss)	<u>2,360,182</u>	<u>-</u>	<u>-</u>
 Total additions	<u>4,162,553</u>	<u>200</u>	<u>711,747</u>
 Deductions:			
Benefits	2,075,395	-	-
Administration	71,505	-	-
Activities and events	<u>-</u>	<u>5,849</u>	<u>633,972</u>
 Total deductions	<u>2,146,900</u>	<u>5,849</u>	<u>633,972</u>
 Change in net position	2,015,653	(5,649)	77,775
 Net position - July 1, 2017 (as restated)	<u>34,683,135</u>	<u>131,778</u>	<u>326,300</u>
 Net position - June 30, 2018	<u><u>\$ 36,698,788</u></u>	<u><u>\$ 126,129</u></u>	<u><u>\$ 404,075</u></u>

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

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**History and organization**

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

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. Custodial 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
For the Year Ended June 30, 2018**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

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

The Town reports the following major governmental funds:

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

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

The *Pre K-5 School Construction Fund* accounts for the financial revenues to be used for the renovation and expansion of West Vine Street and Deans Mill elementary schools.

The Town reports the following major proprietary fund:

The *Internal Service Fund* accounts for risk financing activities for medical insurance benefits and for general liability and property claim related to the Town dock 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 *OPEB Trust Fund* accounts for the activities of the Town's OPEB Plan, which accumulates resources for retiree medical insurance benefits.

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

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

Custodial Funds account for monies held on behalf of students.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

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

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

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

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

Cash - The Town's cash consists of cash on hand and demand deposits.

For cash flow purposes 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.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**1. Deposits and investments (continued)**

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

The Town's pension plans investment policy targets investment in equities of 60%, fixed income of 37%, and commodities of 3%.

The Town's OPEB plan investment policy targets investment in equities of 39%, fixed income of 54%, and cash of 7%.

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 50% of outstanding receivable balances and are calculated based upon prior collections.

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

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

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

3. Restricted Assets

The restricted assets for the Town are restricted for performance bonds. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

4. Capital assets

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

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

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

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

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

5. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports the deferred charge on refunding and the deferred outflows related to pensions and OPEB in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows applicable to pensions are related to contributions made by the Town after the measurement date and the net difference between projected and actual earnings on pension and plan investments. The deferred outflows related to contributions made after the measurement date are recognized in the subsequent fiscal year. The deferred outflow for the net difference between projected and actual earnings on the pension plan investments is amortized over a 5-year period. Deferred outflows for the differences between expected and actual experience and changes in assumptions are amortized over the average remaining service life of the plan members.

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

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**5. Deferred outflows/inflows of resources (continued)**

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

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

6. Compensated absences

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

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

7. 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.

8. 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.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**8. Fund equity and net position (continued)**Restricted Net Position

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

Unrestricted Net Position

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

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

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 of Finance or by a properly approved purchase order.

Unassigned

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

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**8. Fund equity and net position (continued)**

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.

9. 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.

10. 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 1st to the Board of Finance. The First Selectman, after consultation with the Director of Finance, shall prescribe the format for budget presentation which shall include, at a minimum, comparative statistics for the current and preceding fiscal year operations.
- No later than March 15th, the First Selectman shall present to the Board of Finance an itemized annual operating budget, including the Board of Education budget.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**A. Budgets and budgetary accounting (continued)**

- 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 \$337,875 made during the year.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

A. Budgets and budgetary accounting (continued)

- 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 (RSI-1) 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. Donor-restricted endowments

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

C. Capital projects authorizations

The following is a summary of certain capital projects:

Project Name	Project Authorization	Cumulative Expenditures	Project Balance
Waste water treatment facilities improvements	\$ 18,325,000	\$17,656,501	\$ 668,499
Road improvements	3,500,000	3,452,486	47,514
Various school renovations	69,000,000	39,597,638	29,402,362
Mystic River Boathouse Park	2,216,164	1,753,907	462,257
Athletic Fields and facilities	2,700,000	2,642,907	57,093
Totals	\$ 95,741,164	\$65,103,439	\$ 30,637,725

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

III. Detailed notes

A. Cash and investments

1. Deposits - Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year end, \$21,950,900 of the Town's bank balance of \$39,655,699 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,577,114
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>16,373,785</u>
Total amount subject to custodial credit risk	<u>\$ 21,950,900</u>

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

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

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	5-10 Years
Mutual Funds:					
Money market	\$ 25,519,553	\$ -	\$ 25,519,553	\$ -	\$ -
Fixed income	177,780	-	177,780	-	-
Bond	11,766,738	-	-	2,964,408	8,802,330
Equity	22,209,167	22,209,167	-	-	-
Certificates of deposit	22,893,717	-	22,408,442	485,275	-
Pooled fixed income	449,541	-	449,541	-	-
U.S. government agency obligations	3,142,488	-	3,142,488	-	-
Equities	343,992	343,992	-	-	-
Municipal bonds	195,067	-	77,539	68,522	49,006
Corporate bonds	420,305	-	25,530	291,050	103,725
Totals	<u>\$ 87,118,349</u>	<u>\$ 22,553,159</u>	<u>\$ 51,800,874</u>	<u>\$ 3,809,255</u>	<u>\$ 8,955,061</u>

Fair value of investments

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

- Level 1: Quoted prices for identical investments in active markets
- Level 2: Observable inputs using quoted prices for identical securities in markets that are not active
- Level 3: Unobservable inputs

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

A. Cash and investments (continued)

The Town had the following recurring fair value measurements:

Investments by fair value level	Amount	Quoted Market	Significant
		Prices in Active Markets Level 1	Observable Inputs Level 2
<u>Mutual Funds:</u>			
Money market	\$ 25,519,553	\$ 25,519,553	\$ -
Fixed income	177,780	177,780	-
Bond	11,766,738	11,766,738	-
Equity	22,209,167	22,209,167	-
U.S. government agency securities	3,142,488	-	3,142,488
Equities	343,992	343,992	-
Municipal bonds	195,067	-	195,067
Corporate bonds	420,305	-	420,305
Total investments by fair value level	<u>63,775,090</u>	<u>\$ 60,017,230</u>	<u>\$ 3,757,860</u>
<u>Other Investments</u>			
Certificates of deposit	22,893,717		
Pooled fixed income	<u>449,541</u>		
Total other investments	<u>23,343,259</u>		
Total investments	<u>\$ 87,118,349</u>		

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

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

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

Average Rating	Money Market Mutual Funds	Fixed Income Mutual Funds	Bond Mutual Funds	Pooled Fixed Income	U.S. Government Agency Securities	Municipal Bonds	Corporate Bonds
AAA	\$ 25,519,553	\$ 103,624	\$ 958,435	\$ 449,541	\$ -	\$ 18,744	\$ 25,530
AA	-	-	-	-	3,142,488	124,307	98,448
A	-	-	-	-	-	52,016	246,169
BB	-	74,156	1,774,851	-	-	-	50,158
BBB	-	-	9,033,452	-	-	-	-
Totals	<u>\$ 25,519,553</u>	<u>\$ 177,780</u>	<u>\$ 11,766,738</u>	<u>\$ 449,541</u>	<u>\$ 3,142,488</u>	<u>\$ 195,067</u>	<u>\$ 420,305</u>

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**A. Cash and investments (continued)**

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.

	Total	Less Insured Amounts	Amount Subject to Custodial Credit Risk
U.S. government agency obligations	\$ 3,142,488	\$ 500,000	\$ 2,642,488
Equities	343,992	79,695	264,297
Municipal Bonds	195,067	-	195,067
Corporate Bonds	420,305	420,305	-
Total	<u>\$ 4,101,852</u>	<u>\$ 1,000,000</u>	<u>\$ 3,101,852</u>

B. Receivables

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

	Property Taxes			Police Outside Services
	Taxes	Interest & Lien Fees	Total	
Current Portion	<u>\$ 349,173</u>	<u>\$ 16,014</u>	<u>\$ 365,187</u>	<u>\$ 79,218</u>
Long-term Portion	\$ 126,648	\$ 27,013	\$ 153,661	\$ -
Less allowance for uncollectibles	<u>(50,000)</u>	<u>(11,000)</u>	<u>(61,000)</u>	<u>(15,000)</u>
Net	<u>\$ 76,648</u>	<u>\$ 16,013</u>	<u>\$ 92,661</u>	<u>\$ 64,218</u>

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**B. Receivables (continued)**

	Sewer Use			Sewer Assessment	Total
	Use	Interest & Lien Fees	Total		
Current portion	<u>\$847,753</u>	<u>\$ 3,009</u>	<u>\$850,762</u>	<u>\$ 1,657</u>	<u>\$852,419</u>
Long-term portion	\$ 147,393	\$ 3,008	\$ 150,401	\$ -	\$ 150,401
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>\$ 126,393</u>	<u>\$ 3,008</u>	<u>\$ 129,401</u>	<u>\$ -</u>	<u>\$ 129,401</u>

C. Capital assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 12,709,836	\$ -	\$ -	\$ 12,709,836
Construction in progress	<u>24,595,014</u>	<u>36,166,149</u>	<u>26,812</u>	<u>60,734,351</u>
Total capital assets, not being depreciated	<u>37,304,850</u>	<u>36,166,149</u>	<u>26,812</u>	<u>73,444,187</u>
Capital assets, being depreciated:				
Land and building improvements	11,104,962	-	-	11,104,962
Buildings	66,497,368	-	-	66,497,368
Machinery and equipment	8,075,973	492,433	-	8,568,406
Infrastructure	89,981,274	-	-	89,981,274
Vehicles	<u>3,962,066</u>	<u>868,464</u>	<u>248,307</u>	<u>4,582,223</u>
Total capital assets being depreciated	<u>179,621,643</u>	<u>1,360,897</u>	<u>248,307</u>	<u>180,734,233</u>
Total capital assets	<u>216,926,493</u>	<u>37,527,046</u>	<u>275,119</u>	<u>254,178,420</u>
Less accumulated depreciation for:				
Land and building improvements	4,740,203	284,790	-	5,024,993
Buildings	34,105,284	1,275,588	-	35,380,872
Machinery and equipment	5,768,838	637,061	-	6,405,899
Infrastructure	36,151,046	1,839,899	-	37,990,945
Vehicles	<u>2,547,894</u>	<u>416,939</u>	<u>248,307</u>	<u>2,716,526</u>
Total accumulated depreciation	<u>83,313,265</u>	<u>4,454,277</u>	<u>248,307</u>	<u>87,519,235</u>
Total capital assets, being depreciated, net	<u>96,308,378</u>	<u>(3,093,380)</u>	<u>-</u>	<u>93,214,998</u>
Capital assets, net	<u>\$133,613,228</u>	<u>\$33,072,769</u>	<u>\$ 26,812</u>	<u>\$166,659,185</u>

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**C. Capital assets (continued)**

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

General government	\$ 1,678,476
Public works	284,075
Public safety	244,888
Education	1,673,089
Human services	7,098
Sanitation and waste removal	566,651
Total	<u>\$ 4,454,277</u>

Construction commitments

The town had the following construction commitments:

Pre- K-5 construction project	<u>\$ 18,858,680</u>
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D. Interfund accounts**1. Interfund payables and receivables**

A summary of interfund balances is as follows:

Major funds:	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due to</u>
General fund:			
Town Aid Road	N/A	\$ -	\$ 372,576
Shellfish	N/A	3,759	-
Dog License	N/A	-	10,252
Revaluation	N/A	33,842	-
Youth Service Activity	N/A	3,010	-
Police Grants Fund	N/A	69,202	-
Recreation Commission	N/A	13,489	-
Human Service Grants	N/A	-	36,844
Mystic Harbor Management	N/A	-	31,932
Stonington Harbor Management	N/A	-	34,194
Sewer Development and Maintenance	N/A	60	-
Miscellaneous	N/A	-	221,715
Planning and Development Grant	N/A	-	497,432
Prepaid Federal Education Grants	N/A	-	418
Prepaid State Education Grants	N/A	5,646	-
Bonded Capital Projects	N/A	-	312,913
Capital Nonrecurring	N/A	296,046	-
Pre K-5 Construction Fund	N/A	-	32,270,948
Sewer Enterprise Fund	N/A	920,053	-
Health Care Fund	N/A	-	1,536,378
Town Dock Reserve	N/A	-	60,000
Total general fund		<u>1,345,107</u>	<u>35,385,602</u>
Pre K-5 Construction Fund	General Fund	<u>32,270,948</u>	<u>-</u>
Sewer Usage Fund:			
General Fund		-	920,053
Sewer Development and Maintenance		-	1,660
Sewer Assessment		-	1,003
Total sewer usage		<u>-</u>	<u>922,716</u>

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

D. Interfund accounts (continued)

1. Interfund payables and receivables (continued)

	Corresponding Fund	Due From	Due to
Other governmental funds:			
Special revenue funds:			
Town Aid Road	General Fund	\$ 372,576	\$ -
Shellfish	General Fund	-	3,759
Dog License	General Fund	10,252	-
Youth Service Activity	General Fund	-	3,010
Youth Service Activity	Recreation	-	68,276
Youth Service Activity	Human Services Grants	-	1,383
Police Grant Fund	General Fund	-	69,202
Recreation Commission	General Fund	-	13,489
Recreation Commission	Youth Service Activity	68,276	-
Human Services Grants	General Fund	36,844	-
Human Services Grants	Youth Service Activity	1,383	-
Sewer Assessment	Sewer Development and Maintenance	1,069	-
Sewer Assessment	Sewer Usage Fund	1,003	-
Sewer Development and Maintenance	General Fund	-	60
Sewer Development and Maintenance	Sewer Usage Fund	1,660	-
Sewer Development and Maintenance	Sewer Assessment	-	1,069
Miscellaneous	General Fund	221,715	-
Planning and Development Grant	Bonded Capital Projects	140	-
Planning and Development Grant	General Fund	497,432	-
Prepaid Federal Education Grants	General Fund	418	-
Prepaid State Education Grants	General Fund	-	5,646
Mystic Harbor Management	General Fund	31,932	-
Stonington Harbor Management	General Fund	34,194	-
Total special revenue funds		<u>1,278,894</u>	<u>165,894</u>
Capital project funds:			
Revaluation Fund	General Fund	-	33,842
Capital Nonrecurring	General Fund	-	296,046
Bonded Capital Projects	Planning and Development Grant	-	140
Bonded Capital Projects	General Fund	<u>312,913</u>	<u>-</u>
Total capital project funds		<u>312,913</u>	<u>330,028</u>
Total other governmental funds		<u>1,591,807</u>	<u>495,922</u>
Internal service fund:			
Health Care Fund	General Fund	1,536,378	-
Town Dock Reserve	General Fund	<u>60,000</u>	<u>-</u>
Total internal service fund		<u>1,596,378</u>	<u>-</u>
Grand total		<u>\$ 36,804,240</u>	<u>\$ 36,804,240</u>

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
For the Year Ended June 30, 2018

D. Interfund accounts (continued)

2. Interfund transfers

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

	Corresponding Fund	Transfer In	Transfer Out
Major funds:			
General Fund:			
Miscellaneous	N/A	\$ -	\$ 36,095
Capital Nonrecurring	N/A	-	3,454,937
Sewer Assessment	N/A	45,000	-
Sewer Usage Fund	N/A	-	300,000
Total general fund		<u>45,000</u>	<u>3,791,032</u>
Sewer Usage Fund:			
General Fund	N/A	<u>300,000</u>	<u>-</u>
Other governmental funds:			
Miscellaneous	General Fund	36,095	-
Sewer Assessment	General Fund	-	45,000
Capital Nonrecurring	General Fund	3,454,937	-
Total other governmental funds		<u>3,491,032</u>	<u>45,000</u>
Grand total		<u>\$ 3,836,032</u>	<u>\$ 3,836,032</u>

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

3. Bond anticipation notes

Purpose	Balance July 1, 2017	Additions	Deductions	Permanently Financed	Balance June 30, 2018
Pre K-5 Construction Project	<u>\$ -</u>	<u>\$ 20,000,000</u>	<u>\$ -</u>	<u>\$ (7,000,000)</u>	<u>\$ 13,000,000</u>

In October 2018, the Town issued \$7,000,000 of general obligation bonds and \$6,500,000 of general obligation bonds anticipation notes. The bonds permanently financed a portion of the bond anticipation notes outstanding at fiscal year end. These bonds mature through 2038 and carry interest rates of 3.00% - 5.00%. These bond anticipation notes mature in October of 2019 and carry coupon interest rate of 3.00%.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

E. Changes in long-term obligations

1. Summary of changes

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Current Portion	Long-term Portion
Bonds:										
General purpose:										
Refunding bond	\$4,525,000	02/15/09	05/15/20	2.0%-5.0%	\$ 1,154,400	\$ -	\$ 388,600	\$ 765,800	\$ 306,663	\$ 459,137
Refunding bond	1,192,000	02/23/12	09/01/24	2.25%-4.0%	861,000	-	109,000	752,000	110,424	641,576
Improvement bond	4,285,000	08/14/13	08/15/33	2.5%-4.25%	3,640,000	-	215,000	3,425,000	215,000	3,210,000
Road Improvement bond	1,915,000	08/22/14	08/15/34	2.0%-4.0%	1,721,000	-	97,000	1,624,000	96,446	1,527,554
Mystic River Park	2,216,164	11/01/16	11/01/36	2.0%-5.0%	2,216,164	-	111,164	2,105,000	115,000	1,990,000
Total general purpose					9,592,564	-	920,764	8,671,800	843,533	7,828,267
School:										
Refunding bond	3,000,000	02/15/09	05/15/20	2.0%-5.0%	535,600	-	286,400	249,200	203,337	45,863
Refunding bond	16,128,000	02/23/12	09/01/26	2.0%-4.0%	12,074,000	-	1,501,000	10,573,000	1,494,576	9,078,424
Pre K-5 School Project	15,003,836	11/01/16	11/01/36	2.0%-5.0%	15,003,836	-	753,836	14,250,000	750,000	13,500,000
Pre K-5 School Project	20,000,000	11/01/17	11/01/38	2.5%-5.0%	-	20,000,000	-	20,000,000	1,000,000	19,000,000
Total school					27,613,436	20,000,000	2,541,236	45,072,200	3,447,913	41,624,287
Sewer:										
Improvement bond	12,000,000	04/05/12	04/01/32	4.125%-5.5%	9,000,000	-	600,000	8,400,000	600,000	7,800,000
Improvement bond	6,325,000	08/22/14	08/15/34	2.0%-4.0%	5,689,000	-	318,000	5,371,000	318,554	5,052,446
Total sewer					14,689,000	-	918,000	13,771,000	918,554	12,852,446
Total bonds					51,895,000	20,000,000	4,380,000	67,515,000	5,210,000	62,305,000
Energy loans	54,064	06/16/17	06/16/21		54,064		13,517	40,547	13,516	27,031
Bond anticipation notes					-	7,000,000	-	7,000,000	-	7,000,000
Total bond and notes					51,949,064	27,000,000	4,393,517	74,555,547	5,223,516	69,332,031
Premiums					2,620,384	1,594,760	289,757	3,925,387	-	3,925,387
Total bonds, notes and related liabilities					54,569,448	28,594,760	4,683,274	78,480,934	5,223,516	73,257,418
Capital leases					1,742,010	888,047	807,690	1,822,367	781,776	1,040,591
Compensated absences					2,025,815	91,378	360,589	1,756,604	439,151	1,317,453
Landfill postclosure costs					200,000	-	25,000	175,000	25,000	150,000
Heart and hypertension					907,282	-	554,403	352,879	-	352,879
Net pension liability					4,681,639	2,899,215	3,406,778	4,174,076	-	4,174,076
Net OPEB liability					5,450,868	682,732	2,435,563	3,698,037	-	3,698,037
Total long-term obligations					\$ 69,577,062	\$ 33,156,132	\$ 12,273,297	\$ 90,459,897	\$ 6,469,443	\$ 83,990,454

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

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**E. Changes in long-term obligations**

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

Fiscal Year End June 30,	Bonds			Energy Loans		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 5,210,000	\$ 2,706,981	\$ 7,916,981	\$ 13,516	\$ -	\$ 13,516
2020	5,195,000	2,104,482	7,299,482	13,515	-	13,515
2021	4,690,000	1,883,781	6,573,781	13,516	-	13,516
2022	4,580,000	1,696,532	6,276,532	-	-	-
2023	4,580,000	1,515,630	6,095,630	-	-	-
2024	4,570,000	1,347,119	5,917,119	-	-	-
2025	4,325,000	1,189,047	5,514,047	-	-	-
2026	3,740,000	1,052,681	4,792,681	-	-	-
2027	3,255,000	938,813	4,193,813	-	-	-
2028	3,085,000	831,294	3,916,294	-	-	-
2029	3,085,000	725,363	3,810,363	-	-	-
2030	3,085,000	617,662	3,702,662	-	-	-
2031	3,085,000	517,462	3,602,462	-	-	-
2032	3,080,000	424,474	3,504,474	-	-	-
2033	2,480,000	328,312	2,808,312	-	-	-
2034	2,480,000	250,262	2,730,262	-	-	-
2035	2,270,000	176,419	2,446,419	-	-	-
2036	1,860,000	113,700	1,973,700	-	-	-
2037	1,860,000	57,900	1,917,900	-	-	-
2038	1,000,000	15,000	1,015,000	-	-	-
TOTALS	\$ 67,515,000	\$ 18,492,914	\$ 86,007,914	\$ 40,547	\$ -	\$ 40,547

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:

	Debt Limitation	Net Indebtedness	Balance
General Purpose	\$ 143,323,794	\$ 10,486,466	\$ 132,837,328
Schools	286,647,588	65,072,000	221,575,588
Sewers	238,872,990	13,771,000	225,101,990
Urban Renewal	207,023,258	-	207,023,258
Pension Deficit	191,098,392	-	191,098,392

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation \$445,896,248.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**E. Changes in long-term obligations (continued)****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. The amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$550,000.

4. Authorized/unissued bonds

The amount of authorized unissued bonds for improvements to the Town's school building renovations is \$26,996,164.

5. Capital leases

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

Vehicles and student laptop computers totaling \$2,360,087 and accumulated amortization of \$659,829 are recorded under capital leases. Amortization of vehicles under capital leases is included with depreciation expense.

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

Year Ending June 30,		
2019	\$	834,550
2020		660,791
2021		301,504
2022		120,111
Less amount representing interest		<u>(94,589)</u>
	\$	<u>1,822,367</u>

6. Landfill closure and postclosure care costs

The Town closed its landfill in 1995. State and Federal laws and regulations require landfill closures to meet certain standards. Monitoring costs and estimated repairs and maintenance for the next 7 years at \$25,000 per year are \$175,000. These amounts are based on estimates which are subject to change due to inflation technology or applicable laws and regulations.

F. Restricted net position

The amount of restricted net position which was restricted by enabling legislation totaled \$1,904,251.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**G. Fund balance classifications**

Fund balances are composed of the following:

Fund Balance Component	General Fund	Sewer Usage Fund	Pre K-5 School Construction	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Housing rehabilitation programs	\$ -	\$ -	\$ -	\$ 224,200	\$ 224,200
<u>Restricted:</u>					
Public safety	-	-	-	9,036	9,036
Highway department	-	-	-	333,087	333,087
Sanitation and waste removal	-	616,735	-	1,189,484	1,806,219
Human services	-	-	-	8,606	8,606
Housing rehabilitation programs	-	-	-	2,321	2,321
Education	-	-	-	66,771	66,771
Total Restricted	-	616,735	-	1,609,305	2,226,040
<u>Committed:</u>					
General government	-	-	-	215,342	215,342
Approved CNR projects	-	-	15,835,759	5,286,933	21,122,692
Total Committed	-	-	15,835,759	5,502,275	21,338,034
<u>Assigned:</u>					
Subsequent years' budget	2,850,000	-	-	-	2,850,000
General government	103,247	-	-	766,330	869,577
Public safety	-	-	-	16,437	16,437
Sanitation and waste removal	-	-	-	31,261	31,261
Social services	-	-	-	66,426	66,426
Recreation	-	-	-	193,484	193,484
Education	964,619	-	-	202,913	1,167,532
Total assigned	3,917,866	-	-	1,276,851	5,194,717
Unassigned	14,028,605	-	-	-	14,028,605
Total	<u>\$ 17,946,471</u>	<u>\$ 616,735</u>	<u>\$15,835,759</u>	<u>\$ 8,612,631</u>	<u>\$ 43,011,596</u>

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

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</u>
2016-2017	\$506,000	\$6,732,146	\$6,653,146	\$585,000
2017-2018	585,000	5,838,606	5,913,606	510,000

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
For the Year Ended June 30, 2018**A. Risk management (continued)**

The Town is also a member of CIRMA's Workers' Compensation Pool a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period 2017-2018 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.

The Town is a self-insured provider of claims under C.G.S. 7-433c, the Heart and Hypertension Act.

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)**A. 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 a Selectmen appointed five-member retirement board. The responsibility for the holding and investment of plan assets lies with the trustee appointed by the Selectmen. The trustees shall be the bank or Trust company having the power to act as trustee in the State of Connecticut. The current trustee is 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
For the Year Ended June 30, 2018

C. Pension plans (continued)

B. Plan membership

At July 1, 2017 PERS membership consisted of:

Retirees and beneficiaries receiving benefits	141
Terminated plan members entitled to but not yet receiving benefits	51
Active plan members	<u>145</u>
 Total Plan Participants	 <u>337</u>

C. 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 10 years of service with the Town for the non-contributory plan and are fully vested after 15 years. Normal retirement is the earlier of the member having reached his 62nd birthday or having completed 35 years of credited service. For the contributory plan a member who retires on his normal retirement date shall receive an annual retirement benefit equal to 1.75% of such member's final average earnings multiplied by such member's years of credited service. For the non-contributory plan a member who retires on his normal retirement date shall receive an annual retirement benefit equal to 1.50% of such member's final average earnings multiplied by such member's years of credited service. Final average earnings are determined by the member's 60 highest consecutive calendar months before retirement or termination if earlier. The plan also provides for an actuarially reduced earlier retirement date death and disability benefits. These benefit provisions and all other requirements are established by Town ordinance.

D. Contributions required

For the contributory plan participants are required to contribute 3% of their annual salary.

For the non-contributory plan there are no required participants contributions.

E. Investments

Investment policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Town of Stonington Pension Board by a majority vote of its members. It is the policy of the Town of Stonington Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension Board periodically reviews the asset allocation and strategic objectives in light of market conditions benefit payments expenses and expected contributions from the Town. 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:

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Pension plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	30.00%	1.75%
Global fixed income	7.00%	2.00%
Large cap	29.00%	5.60%
Small cap	6.00%	5.90%
Developed international equities	20.00%	5.80%
Emerging international equities	5.00%	6.85%
Commodities	3.00%	2.25%
Total	100.00%	

Long-term inflation expectation 2.25%

Long-term expected nominal return 6.46%

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

Rate of return: The annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 7.07%. 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.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Pension plans (continued)

G. Net pension liability

The Town's net pension liability is \$4,174,076. The components of the net pension liability were as follows:

Total pension liability	\$ 37,775,353
Plan fiduciary net position	<u>33,601,277</u>
Net pension liability	<u>\$ 4,174,076</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.95%</u>
Covered payroll	<u>\$ 7,665,442</u>
Net pension liability as a percentage of covered payroll	<u>54.45%</u>

H. Actuarial assumptions used to calculate Net pension liability

Actuarial cost method	Entry age normal
Amortization method	20 year period
Asset valuation method	Fair Value
Valuation date	July 1, 2017
Discount rate	6.75%
Inflation	2.75%
Cost of living increase	None
Salary projection	Graded schedule based on age of participant ranging from age 20 at 6.25% to age 52+ at 2.75%
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 BB
Retirement Age	Earlier of 62.6 or 35 years of credited service or valuation date plus 1 year.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Pension plans (continued)

I. 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.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$8,454,695	\$4,174,076	\$544,637

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Pension plans (continued)

K. Changes in the Net Pension Liability

The Town's net pension liability was measured at June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2017	\$ 36,572,213	\$ 31,890,574	\$ 4,681,639
Service cost	716,716	-	716,716
Interest	2,460,694	-	2,460,694
Differences between expected and actual experience	(278,195)	-	(278,195)
Contributions - employer	-	1,009,822	(1,009,822)
Contributions - member	-	206,501	(206,501)
Net investment income	-	2,234,636	(2,234,636)
Benefit payments, including refunds of member contributions	(1,696,075)	(1,696,075)	-
Administrative expenses	-	(44,181)	44,181
Net change	1,203,140	1,710,703	(507,563)
Balance at June 30, 2018	\$ 37,775,353	\$ 33,601,277	\$ 4,174,076

L. Pension Expense and Deferred Outflows and Inflows of Resources

The Town recognized pension expense of \$1,627,457.

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

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,194	\$ (193,893)
Changes in assumptions	406,930	-
Net difference between projected and actual earnings on pension plan investments	428,340	-
Total	\$ 882,464	\$ (193,893)
Net amount of deferred inflow and outflow excluding Town contributions subsequent to measurement date		\$ 688,571

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**C. Pension plans (continued)**

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive employees, which was 3.3 years.

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

Year Ending June 30,		
2019	\$	747,589
2020		242,398
2021		(281,532)
2022		(19,884)
Total	\$	688,571

3. Pension plans – Connecticut Municipal Employees Retirement System (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
For the Year Ended June 30, 2018**3. Pension plans – Connecticut Municipal Employees Retirement System (MERS)****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. Deferral 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
For the Year Ended June 30, 2018**3. Pension plans – Connecticut Municipal Employees Retirement System (MERS)****c. Contributions**Employer

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

Employees

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

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

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

The Town reported \$1,721,274 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2016. The Town's proportionate share of the net pension asset was based upon the Town's 2016 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. At June 30, 2016, the Town's proportional share was 2.2422% of one sub plan.

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

The Town recognized pension expense of \$1,034,860. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**3. Pension plans – Connecticut Municipal Employees Retirement System (MERS)**

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 197,414	\$ -
Change in proportional share	100,535	(6,175)
Difference between expected and actual experience	690,017	-
Town contributions subsequent to measurement date	513,519	-
Total	\$ 1,501,485	\$ (6,175)
Net amount of deferred inflow and outflow excluding Town contributions subsequent to measurement date		\$ 981,791

The amount reported as deferred outflows of resource related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the plan year ending June 30, 2018. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2019	\$ 359,828
2020	454,209
2021	291,291
2022	(123,537)
Total	\$ 981,791

e. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, 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

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**3. Pension plans – Connecticut Municipal Employees Retirement System (MERS)**

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).

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%.

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
For the Year Ended June 30, 2018

3. Pension plans – Connecticut Municipal Employees Retirement System (MERS)

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

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

	1% Decrease <u>(7.00%)</u>	Current Discount <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Town’s proportional share of the net pension asset (liability)	\$ (939,713)	\$ 1,721,274	\$ 3,934,509

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, 2017.

i. Payable to the pension plan

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

D. Pension plans - Connecticut State Teachers’ Retirement Plan

1. Plan description

Teachers principals superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers’ Retirement System (TRS) a cost sharing multiple-employer defined benefit pension plan administered by the Teachers’ Retirement Board (TRB). Chapter 1a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

2. Benefit provisions

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
For the Year Ended June 30, 2018**D. Pension plans - Connecticut State Teachers' Retirement Plan**

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 average annual salary.

3. ContributionsState of Connecticut

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

Employer (School Districts)

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

Employees

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

Effective January 1, 2018, each teacher is required to contribute 7% of their salary for the pension benefit.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

D. Pension plans - Connecticut State Teachers' Retirement Plan

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

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

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>56,047,411</u>
Total	<u>\$ 56,047,411</u>

The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Town has no proportionate share of the net pension liability.

For the fiscal year, the Town recognized pension expense and revenue of \$6,483,048 for on-behalf amounts for the benefits provided by the State.

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, average, including inflation
Investment rate of return	8.00%, net of pension plan investment expense including inflation

Mortality rates were based on the RP-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**D. Pension plans - Connecticut State Teachers' Retirement Plan**

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

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

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

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**D. Pension plans - Connecticut State Teachers' Retirement Plan****6. 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.

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

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

E. Other Post-Employment Benefit Plan**1. Plan description****A. Plan administration**

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

B. Benefit provided

The Town plan provides for medical and dental benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Benefits are provided by a third party insurer and the full cost of benefits is covered by the plan.

C. Contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town's total contribution to the plan was \$469,114. There are no required employee contributions.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**E. Other Post-Employment Benefit Plan (continued)****D. Employees Covered by Benefit Terms**

As of July 1, 2017, the following employees are covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	44
Active plan members	<u>443</u>
Total	<u>487</u>

2. Investments**a. Investment Policy**

The OPEB plans' policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy for the OPEB plan:

<u>Asset Class</u>	<u>Target Allocation</u>
US cash	6.50%
US core fixed income	51.10%
US government bonds	2.45%
US equity market	39.05%
Global equity	<u>0.90%</u>
Total	<u>100.00%</u>

b. Concentrations

There were no investments in any one organization that represents 5% or more of the OPEB plans' net position.

3. Rate of Return

The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 3.04%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**E. Other Post-Employment Benefit Plan (continued)****4. Net OPEB Liability**

The Town's net OPEB liability of \$3,698,037 was measured as of June 30, 2018, and was determined by an actuarial valuation as July 1, 2017.

Total OPEB liability	\$ 5,016,786
Plan fiduciary net position	<u>(1,318,749)</u>
Net OPEB liability	<u>\$ 3,698,037</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>26.29%</u>

5. Actuarial methods and other inputs

The total OPEB liability was determined based upon a July 1, 2017 actuarial valuation using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	6.25%
Inflation	2.60%

Healthcare cost trend rates:

Medical trend rate	7.00-4.60%
Ultimate medical trend rate	4.60%

Mortality rates were based on the RP-2014 adjusted to 2006 with generational mortality improvement to current year under Projection Scale MP-2018.

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

Changes in Assumptions

The healthcare cost rates increased to the initial rate of 7.00% and an ultimate rate of 4.60% since the prior measurement date.

Mortality rates were updated from Scale MP-2015 to Scale MP-2018 since the prior measurement date.

The inflation rate was reduced from 2.70% to 2.60% since the prior measurement date.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**E. Other Post-Employment Benefit Plan (continued)****5. Actuarial methods and other inputs (continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric means real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US cash	0.50%
US core fixed income	1.75%
US government bonds	2.25%
US equity market	5.75%
Global equity	5.80%

6. Discount rate

The discount rate used to measure the total OPEB liability was 6.25% for the OPEB plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

E. Other Post-Employment Benefit Plan (continued)

7. Changes in the net OPEB liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2017	\$ 6,632,834	\$ 1,181,966	\$ 5,450,868
Service cost	150,317	-	150,317
Interest	412,772	-	412,772
Differences between expected and actual experience	(1,927,076)	-	(1,927,076)
Changes in assumptions	111,053	-	111,053
Contributions - employer	-	403,013	(403,013)
Contributions - TRB subsidy	-	66,101	(66,101)
Net investment income	-	39,373	(39,373)
Benefit payments, including refunds of member contributions	(363,114)	(363,114)	-
Administrative expenses	-	(8,590)	8,590
Net change	(1,616,048)	136,783	(1,752,831)
Balance at June 30, 2018	\$ 5,016,786	\$ 1,318,749	\$ 3,698,037

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

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

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Net OPEB liability			
Discount rate sensitivity	\$ 4,193,726	\$ 3,698,037	\$ 3,269,227

9. Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate.

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

	1% Decrease	Current Trend	1% Increase
Net OPEB liability			
Healthcare cost trend rate - sensitivity	\$ 3,203,459	\$ 3,698,037	\$ 4,274,889

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

E. Other Post-Employment Benefit Plan (continued)

10. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year the Town recognized OPEB expense of \$284,965. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,770,403)
Changes in assumptions	102,024	-
Net difference between projected and actual earnings on OPEB plan investments	<u>23,019</u>	<u>-</u>
Total	<u>\$ 125,043</u>	<u>\$ (1,770,403)</u>
Net amount of deferred inflow and outflow excluding Town contributions subsequent to measurement date		<u>\$ (1,645,360)</u>

Changes in assumptions and differences between expected and actual experience are amortized over 12.3 years. Actual investment earnings below (or above) projected earnings are amortized over 5 years.

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

Year Ending June 30,	
2019	\$ (142,551)
2020	(142,551)
2021	(142,549)
2022	(139,906)
2023	(147,644)
Thereafter	<u>(930,159)</u>
Total	<u>\$ (1,645,360)</u>

F. Retiree health care defined contribution plan

The Town has a defined contribution healthcare plan covering police officers that was established in July 2017. The plan provides for retiree health care benefits through reimbursement of eligible medical care expenses including the reimbursement of retiree healthcare premiums upon retirement from the Town. Participation in the plan is mandatory for all eligible police officers. The employee contribution is 2% of base pay with an equivalent Town match. Upon normal retirement the participant's account balance shall be a minimum of \$32,000. If the account balance is less than \$32,000 the Town shall make contributions necessary to bring the account balance to \$32,000. Total Town and employee contributions years ended were \$58,467 and \$58,467 respectively.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

G. Plan statements

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Pension Trust Fund	Town OPEB Trust Fund	Police OPEB Defined Contribution Trust Fund	Total Pension and OPEB Funds
<u>Assets</u>				
Cash	\$ -	\$ 42,292	\$ 43,821	\$ 86,113
Contributions receivable	449,903	-	-	449,903
Investments:				
Mutual funds:				
Money market	425,672	67,190	71,586	564,448
Fixed income	-	99,090	78,690	177,780
Bond	11,766,738	-	-	11,766,738
Equity	20,958,964	552,724	697,479	22,209,167
Certificates of deposit	-	-	485,275	485,275
Equities	-	240,219	103,773	343,992
Municipal bonds	-	18,744	176,323	195,067
Corporate bonds	-	298,490	121,815	420,305
Total investments	33,151,374	1,276,457	1,734,941	36,162,772
Total assets	33,601,277	1,318,749	1,778,762	36,698,788
<u>Net Position</u>				
Restricted for:				
Pension benefits	33,601,277	-	-	33,601,277
OPEB benefits	-	1,318,749	1,778,762	3,097,511
Total net position	\$ 33,601,277	\$ 1,318,749	\$ 1,778,762	\$ 36,698,788

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

G. Plan statements (continued)

Combining Statement Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Pension Trust Fund	Town OPEB Trust Fund	Police OPEB Defined Contribution Trust Fund	Total Pension and OPEB Funds
Additions:				
Contributions:				
Employer	\$ 1,009,822	\$ 469,114	\$ 58,467	\$ 1,537,403
Employee	206,501	-	58,467	264,968
Total contributions	<u>1,216,323</u>	<u>469,114</u>	<u>116,934</u>	<u>1,802,371</u>
Investment income (loss):				
Net change in fair value of investments	1,557,638	18,573	44,283	1,620,494
Interest and dividends	706,634	33,400	41,890	781,924
Total investment income (loss)	<u>2,264,272</u>	<u>51,973</u>	<u>86,173</u>	<u>2,402,418</u>
Less investment expense	<u>29,636</u>	<u>12,600</u>	<u>-</u>	<u>42,236</u>
Net investment income (loss)	<u>2,234,636</u>	<u>39,373</u>	<u>86,173</u>	<u>2,360,182</u>
Total additions	<u>3,450,959</u>	<u>508,487</u>	<u>203,107</u>	<u>4,162,553</u>
Deductions:				
Benefits	1,696,075	363,114	16,206	2,075,395
Administration	44,181	8,590	18,734	71,505
Total deductions	<u>1,740,256</u>	<u>371,704</u>	<u>34,940</u>	<u>2,146,900</u>
Change in net position	1,710,703	136,783	168,167	2,015,653
Net position - July 1, 2017	<u>31,890,574</u>	<u>1,181,966</u>	<u>1,610,595</u>	<u>34,683,135</u>
Net position - June 30, 2018	<u>\$ 33,601,277</u>	<u>\$ 1,318,749</u>	<u>\$ 1,778,762</u>	<u>\$ 36,698,788</u>

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

H. OPEB Plan – Connecticut State Teachers’ Retirement Plan

1. Plan Description

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

2. Benefit Provisions

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

- **Normal Retirement:** Eligibility - Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.
- **Early Retirement:** Eligibility - 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.
- **Proratable Retirement:** Eligibility - Age 60 with 10 years of Credited Service.
- **Disability Retirement:** Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.
- **Termination of Employment:** Eligibility - 10 or more years of Credited Service.

Retiree Health Care Coverage

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

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**H. OPEB Plan – Connecticut State Teachers’ Retirement Plan (Continued)**Retiree Health Care Coverage (continued)

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

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

Survivor Health Care Coverage

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

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

H. OPEB Plan – Connecticut State Teachers’ Retirement Plan (Continued)

3. ContributionsState of Connecticut

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

Employer (School Districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

4. OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

Town’s proportionate share of the net OPEB liability	\$ -
State’s proportionate share of the net OPEB liability associated with the Town	<u>14,425,979</u>
Total	<u>\$ 14,425,979</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The Town has no proportionate share of the net OPEB liability.

The Town recognized OPEB expense and revenue of \$668,573 for on-behalf amounts for the benefits provided by the State.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

H. OPEB Plan – Connecticut State Teachers’ Retirement Plan (Continued)

5. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale was used.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.75%.

Changes in assumptions and inputs

As a result of the experience study for the five-year period ending June 30, 2015:

- The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase.
- The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study’s findings and their adoption by the Board.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

H. OPEB Plan – Connecticut State Teachers’ Retirement Plan (Continued)

Changes in assumptions and inputs (continued)

Other changes were as follows:

- The discount rate has been increased from 3.01% to 3.56% as a based upon the increase in the municipal bond index.

Additionally, the assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised.

Affordable Care Act (ACA)

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA’s implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA’s impact on the Plan’s liability will be required.

6. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. 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.

7. Sensitivity of the OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rate

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

8. Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers’ OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

I. Prior Period Adjustment

The government-wide net position and fund balances were restated as follows for the implementation of GASB 84 and for the proper presentation of loans receivable.

	Governmental Activities	Other Governmental Funds	Custodial Funds
	<u> </u>	<u> </u>	<u> </u>
Net position/fund balance as previously reported at June 30, 2017	\$ 111,890,326	\$ 8,360,937	\$ -
To remove unavailable revenue for CDBG loans	224,200	224,200	-
To present custodial funds in accordance with new reporting standard (GASB 84)	<u>47,879</u>	<u>47,879</u>	<u>326,300</u>
Net position/fund balance as restated at July 1, 2017	<u>\$ 112,162,405</u>	<u>\$ 8,633,016</u>	<u>\$ 326,300</u>

**Required
Supplementary
Information**

Town of Stonington, Connecticut

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2018

	Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues:					
Property taxes	\$ 61,003,813	\$ -	\$ 61,003,813	\$ 61,609,175	\$ 605,362
Intergovernmental	1,674,267	-	1,674,267	1,748,768	74,501
Charges for services	2,852,600	-	2,852,600	3,361,262	508,662
Use of money and property	119,500	-	119,500	233,808	114,308
Total revenues	65,650,180	-	65,650,180	66,953,013	1,302,833
Expenditures:					
Current:					
General government	8,778,472	20,792	8,799,264	7,532,426	1,266,838
Public safety	5,528,536	(36,952)	5,491,584	5,345,573	146,011
Highway	2,490,069	(6,116)	2,483,953	2,408,003	75,950
Sanitation and waste removal	2,656,824	(60,000)	2,596,824	2,503,628	93,196
Human services	424,605	(1)	424,604	422,784	1,820
Social services	311,926	-	311,926	311,925	1
Recreation	114,803	-	114,803	112,830	1,973
Libraries	330,500	-	330,500	330,500	-
Payments to other civic divisions	187,677	-	187,677	187,677	-
Education	37,037,483	-	37,037,483	37,020,623	16,860
Debt service	6,364,705	-	6,364,705	6,358,706	5,999
Total expenditures	64,225,600	(82,277)	64,143,323	62,534,675	1,608,648
Excess (deficiency) of revenues over expenditures	1,424,580	82,277	1,506,857	4,418,338	2,911,481
Other financing sources (uses):					
Appropriation of fund balance	1,893,300	337,875	2,231,175	-	(2,231,175)
Cancellation of prior year encumbrances	8,000	-	8,000	12,066	4,066
Transfers in	45,000	-	45,000	45,000	-
Transfers out	(3,370,880)	(420,152)	(3,791,032)	(3,791,032)	-
Net other financing sources (uses)	(1,424,580)	(82,277)	(1,506,857)	(3,733,966)	(2,227,109)
Net change in fund balance	\$ -	\$ -	\$ -	684,372	\$ 684,372
Fund balance - July 1, 2017				16,194,233	
Fund balance - June 30, 2018				<u>\$ 16,878,605</u>	

Reconciliation to Exhibit D

	Revenues	Expenditures	Fund Balance
Budgetary Basis - RSI-1	\$ 66,953,013	\$ 62,534,675	\$ 16,878,605
Prior year encumbrances liquidated in the current year	-	318,066	-
Encumbrances outstanding at year end charged to budgetary expenditures	-	(1,067,866)	1,067,866
State Teachers' pension on behalf amount	6,483,048	6,483,048	-
State Teachers' OPEB on behalf amount	668,573	668,573	-
GAAP Basis - Exhibit D	\$ 74,104,634	\$ 68,936,496	\$ 17,946,471

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions 1. The Town does not recognize as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the Town's behalf 2. Encumbrances are reported as expenditures for the budgetary basis of accounting.

Town of Stonington, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Current levy	\$ 59,613,813	\$ -	\$ 59,613,813	\$ 60,306,075	\$ 692,262
Prior year taxes	650,000	-	650,000	487,236	(162,764)
Motor vehicle supplement	350,000	-	350,000	462,324	112,324
Interest and lien fees	330,000	-	330,000	306,232	(23,768)
Telephone access line	60,000	-	60,000	47,308	(12,692)
Total property taxes	61,003,813	-	61,003,813	61,609,175	605,362
Intergovernmental:					
Intergovernmental revenues - State grants for education:					
Education cost sharing grant	1,196,800	-	1,196,800	1,377,754	180,954
Nonpublic health services	8,000	-	8,000	7,823	(177)
Total intergovernmental revenues - State grants for education	1,204,800	-	1,204,800	1,385,577	180,777
State grants for reimbursement on revenue loss:					
Reimbursement disabled	1,280	-	1,280	1,466	186
Veterans' exemption	12,600	-	12,600	15,208	2,608
Tax relief for elderly	85,400	-	85,400	-	(85,400)
PILLOT- State owned property	13,883	-	13,883	-	(13,883)
Municipal revenue sharing	292,053	-	292,053	100,332	(191,721)
Grant proceeds - State	-	-	-	171,896	171,896
Grant proceeds - Federal	-	-	-	2,333	2,333
Mashantucket Pequot grant	31,251	-	31,251	31,251	-
Total state grants for reimbursement on revenue loss	436,467	-	436,467	322,486	(113,981)
State grants for other purposes:					
Parking ticket surcharge	10,000	-	10,000	13,645	3,645
Youth services	14,000	-	14,000	17,789	3,789
Civil preparedness	9,000	-	9,000	9,271	271
Total state grants for other purposes	33,000	-	33,000	40,705	7,705
Total intergovernmental	1,674,267	-	1,674,267	1,748,768	74,501
Charges for services:					
Town hall bags	-	-	-	459,863	459,863
Solid waste disposal fees	1,450,000	-	1,450,000	1,055,137	(394,863)
SCRARRA transportation	85,000	-	85,000	88,469	3,469
Landfill recycling	30,000	-	30,000	65,993	35,993
Tipping fees	130,000	-	130,000	148,252	18,252
Building rental/miscellaneous	1,200	-	1,200	1,900	700
Tuition other Town	14,000	-	14,000	12,697	(1,303)
Miscellaneous revenue	10,000	-	10,000	50,409	40,409
Accident reports	1,000	-	1,000	1,926	926
Data processing revenue	23,000	-	23,000	25,948	2,948
In lieu of taxes housing authority	2,600	-	2,600	3,763	1,163
Payment in lieu of taxes	214,000	-	214,000	226,721	12,721
GIS revenues	800	-	800	304	(496)
Utility billing revenue offset	12,000	-	12,000	12,000	-
Vehicle use outside jobs	50,000	-	50,000	99,550	49,550
Admin / miscellaneous fees	12,000	-	12,000	17,857	5,857
Total charges for services	2,035,600	-	2,035,600	2,270,789	235,189

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Licenses and permits:					
Building permits	\$ 250,000	\$ -	\$ 250,000	\$ 375,385	\$ 125,385
Business licenses	15,000	-	15,000	-	(15,000)
Conveyance taxes	300,000	-	300,000	435,394	135,394
Town clerk's fees	180,000	-	180,000	186,926	6,926
Miscellaneous permit	3,500	-	3,500	-	(3,500)
Alarm registration	6,000	-	6,000	5,620	(380)
Wetlands permits	1,500	-	1,500	4,858	3,358
P & Z and zoning board fees	55,000	-	55,000	77,615	22,615
Total licenses and permits	<u>811,000</u>	<u>-</u>	<u>811,000</u>	<u>1,085,798</u>	<u>274,798</u>
Fines and forfeits:					
Parking fines	4,500	-	4,500	2,425	(2,075)
Alarm penalties	1,500	-	1,500	2,250	750
Total fines and forfeits	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>4,675</u>	<u>(1,325)</u>
Total charges for services	<u>2,852,600</u>	<u>-</u>	<u>2,852,600</u>	<u>3,361,262</u>	<u>508,662</u>
Use of money and property:					
Interest income	55,000	-	55,000	165,524	110,524
Rental	52,000	-	52,000	55,784	3,784
Loan repayment SNEFLA	12,500	-	12,500	12,500	-
Total Use of Town money and property	<u>119,500</u>	<u>-</u>	<u>119,500</u>	<u>233,808</u>	<u>114,308</u>
Total revenues	<u>65,650,180</u>	<u>-</u>	<u>65,650,180</u>	<u>66,953,013</u>	<u>1,302,833</u>
Other financing sources:					
Appropriation of fund balance	1,893,300	337,875	2,231,175	-	(2,231,175)
Cancellation of prior year encumbrances	8,000	-	8,000	12,066	4,066
Transfers in - sewer assessment fund	45,000	-	45,000	45,000	-
Total other financing sources	<u>1,946,300</u>	<u>337,875</u>	<u>2,284,175</u>	<u>57,066</u>	<u>(2,227,109)</u>
Total - revenues and other financing sources	<u>\$ 67,596,480</u>	<u>\$ 337,875</u>	<u>\$ 67,934,355</u>	<u>\$ 67,010,079</u>	<u>\$ (924,276)</u>

(Concluded)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
<u>Department of First Selectman</u>					
Office of Selectman:					
First selectman	\$ 91,741	\$ -	\$ 91,741	\$ 91,741	\$ -
Second selectman	11,912	-	11,912	11,912	-
Third selectman	11,912	-	11,912	11,912	-
Town attorney	50,000	-	50,000	49,998	2
Grant writer	5,000	-	5,000	-	5,000
Examination of indices	2,500	-	2,500	1,875	625
Mosquito abatement	30,000	1,448	31,448	31,448	-
Legal services and courts	40,000	(1,448)	38,552	26,521	12,031
Professional associations and publications	1,000	-	1,000	-	1,000
Tree warden	250	-	250	154	96
Town wide	20,000	(1,500)	18,500	9,595	8,905
Total Office of Selectman	<u>264,315</u>	<u>(1,500)</u>	<u>262,815</u>	<u>235,156</u>	<u>27,659</u>
Programs and agencies:					
S.E.A.T.	10,000	14,675	24,675	24,675	-
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	-
Probate court occupancy	3,650	-	3,650	3,415	235
Probate court	6,301	-	6,301	6,301	-
Total programs and agencies	<u>59,583</u>	<u>14,675</u>	<u>74,258</u>	<u>73,912</u>	<u>346</u>
Waterfront commission:					
Clerical services	1,000	-	1,000	800	200
Postage	75	-	75	79	(4)
Consumable supplies	25	-	25	23	2
Miscellaneous	75	-	75	72	3
Total waterfront commission	<u>1,175</u>	<u>-</u>	<u>1,175</u>	<u>974</u>	<u>201</u>
Pawcatuck River Harbor management:					
Clerical services	990	-	990	-	990
Postage	100	-	100	-	100
Advertising	100	-	100	-	100
Consumable supplies	100	-	100	-	100
Reproduction and printing	100	-	100	-	100
Miscellaneous	100	-	100	-	100
Total Pawcatuck River Harbor management	<u>1,490</u>	<u>-</u>	<u>1,490</u>	<u>-</u>	<u>1,490</u>
Shellfish commission:					
Expenses	50	-	50	-	50
Economic development commission:					
Postage	200	(200)	-	-	-
Advertising	500	(19)	481	476	5
Consumable supplies	1,000	(164)	836	836	-
Travel	270	(270)	-	-	-
Professional association and publication	800	653	1,453	1,453	-
Total economic development commission	<u>2,770</u>	<u>-</u>	<u>2,770</u>	<u>2,765</u>	<u>5</u>
Emergency management:					
Emergency management director	13,211	-	13,211	13,211	-
Clerical salaries	1,914	-	1,914	1,914	-
Consumable supplies	250	-	250	170	80
Equipment	4,500	(2,000)	2,500	-	2,500
Development of emergency plan	1	2,000	2,001	-	2,001
Miscellaneous	100	-	100	69	31
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	<u>26,128</u>	<u>-</u>	<u>26,128</u>	<u>20,224</u>	<u>5,904</u>

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Elections:					
Referenda/election personnel	\$ 50,000	\$ -	\$ 50,000	\$ 26,893	\$ 23,107
Registrars' salaries	36,352	-	36,352	36,352	-
Postage	5,000	-	5,000	838	4,162
Advertising	1,000	-	1,000	168	832
Consumable supplies	1,500	-	1,500	245	1,255
Telephone	3,500	-	3,500	1,785	1,715
Equipment	2,000	-	2,000	746	1,254
Reproduction and printing	700	-	700	277	423
Professional associations and publications	500	-	500	530	(30)
Voting canvas	1,200	-	1,200	252	948
Miscellaneous	1,000	-	1,000	462	538
Ballot printing / programming	15,000	-	15,000	5,686	9,314
Furniture and equipment	1,500	-	1,500	-	1,500
Training and education	1,600	-	1,600	-	1,600
Voting machine	3,000	-	3,000	2,200	800
Total elections	123,852	-	123,852	76,434	47,418
Town clerk:					
Salary of Town clerk	78,951	-	78,951	78,951	-
Clerical salaries	100,088	26	100,114	100,114	-
Longevity	5,400	-	5,400	5,400	-
Postage	1,500	-	1,500	1,500	-
Advertising	3,000	(370)	2,630	1,083	1,547
Consumable supplies	3,000	-	3,000	2,604	396
Telephone	475	-	475	463	12
Equipment	3,000	344	3,344	3,344	-
Professional associations and publications	200	75	275	275	-
Training and education	1,500	-	1,500	928	572
Land records and data processing	30,000	(90)	29,910	23,237	6,673
Vital statistics	450	15	465	465	-
Total Town clerk	227,564	-	227,564	218,364	9,200
Town meeting and referenda:					
Town meeting personnel	200	-	200	-	200
Advertising	6,000	-	6,000	1,691	4,309
Total Town meeting and referenda	6,200	-	6,200	1,691	4,509
Payment/other civil divisions:					
Borough of Stonington	187,677	-	187,677	187,677	-
Total Department of First Selectman	900,804	13,175	913,979	817,197	96,782
Department of administrative services:					
Administration:					
Director of administrative services	94,741	-	94,741	94,741	-
Administrative support staff	172,825	727	173,552	173,552	-
Longevity	2,920	-	2,920	2,920	-
Postage	1,000	-	1,000	827	173
Advertising	12,500	(5,145)	7,355	4,037	3,318
Consumable supplies	2,000	1,706	3,706	3,706	-
Reproduction and printing	800	1,902	2,702	2,702	-
Telephone	250	-	250	141	109
Equipment	5,400	-	5,400	2,442	2,958
Professional associations and publications	3,500	-	3,500	1,868	1,632
Seminars and programs	700	-	700	-	700
Database expenses	8,250	342	8,592	8,592	-
Miscellaneous	700	-	700	214	486
Furniture and equipment	1,500	468	1,968	1,968	-
Training and education	2,250	-	2,250	675	1,575
Technical and professional services	7,500	-	7,500	685	6,815
Memorial observances	7,500	-	7,500	7,005	495
Columbus day observances	5,000	-	5,000	5,000	-
Total administration	329,336	-	329,336	311,075	18,261

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Information systems:					
IT manager	\$ 88,672	\$ 1,910	\$ 90,582	\$ 90,582	\$ -
Technology support specialist	61,392	152	61,544	61,544	-
Longevity	750	-	750	750	-
Postage	200	-	200	-	200
Consumable supplies	1,500	-	1,500	552	948
Reproduction and printing	50	-	50	12	38
Telephone	1,500	-	1,500	1,468	32
Professional associations and publications	250	-	250	235	15
Equipment and licensing	46,770	-	46,770	46,288	482
Internet hosting expense	7,500	(1,549)	5,951	5,951	-
Miscellaneous	50	-	50	40	10
Training and education	5,000	(513)	4,487	3,946	541
GIS	30,000	-	30,000	26,874	3,126
Telecommunications	61,000	-	61,000	59,489	1,511
Technical assistance	5,000	-	5,000	5,000	-
Total information systems	309,634	-	309,634	302,731	6,903
Human resources:					
Employee training/education	10,000	(1,659)	8,341	5,261	3,080
Labor negotiations	40,000	5,189	45,189	45,189	-
Labor Counsel	80,000	-	80,000	80,000	-
Pension plan-DB	508,000	-	508,000	508,000	-
Pension plan-DC 401A	90,000	-	90,000	89,805	195
Social security	515,000	-	515,000	474,727	40,273
Unemployment	16,405	(5,189)	11,216	10,867	349
Heart and hypertension	1	-	1	-	1
Employee assistance program	2,750	-	2,750	1,725	1,025
Employee screening	1,500	-	1,500	1,407	93
Additional manpower	5,000	-	5,000	3,500	1,500
Employee travel expense	24,000	-	24,000	19,211	4,789
Accrued leave payout	2,500	-	2,500	2,499	1
Retiree health care	74,000	-	74,000	58,467	15,533
Health insurance	1,700,000	-	1,700,000	1,700,000	-
Life insurance	24,650	-	24,650	21,637	3,013
Rx eyewear reimbursement	3,000	-	3,000	984	2,016
Admin services-professional & technical services	15,000	-	15,000	15,000	-
Total human resources	3,111,806	(1,659)	3,110,147	3,038,279	71,868
Health officer, sanitation and EMS:					
Ledge light health district	135,500	-	135,500	135,470	30
Expenditures	-	-	-	9	(9)
Total health officer, sanitation and EMS	135,500	-	135,500	135,479	21
Community development:					
Clerical salaries	15,000	(15,000)	-	-	-
Project field inspection	-	16,659	16,659	16,659	-
Total community development	15,000	1,659	16,659	16,659	-
Total department of administrative services	3,901,276	-	3,901,276	3,804,223	97,053

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
<u>Department of Assessment:</u>					
Assessor's office:					
Director of assessment	\$ 94,746	\$ -	\$ 94,746	\$ 94,746	\$ -
Deputy assessor	74,619	-	74,619	74,619	-
Clerical salaries	100,089	3,061	103,150	103,150	-
Longevity	4,270	-	4,270	4,270	-
Postage	1,380	(327)	1,053	915	138
Consumable supplies	2,500	-	2,500	2,494	6
Reproduction and printing	980	-	980	530	450
Telephone	250	-	250	81	169
Equipment	1,580	-	1,580	1,550	30
Professional associations and publications	2,925	238	3,163	3,163	-
Database expenses	17,435	-	17,435	17,337	98
Miscellaneous	1,017	(400)	617	495	122
Clothing allowance	400	-	400	400	-
Furniture and equipment	1	-	1	-	1
Training and education	1,890	489	2,379	2,379	-
Special audit personal property	3,400	-	3,400	3,400	-
Total assessor's office	307,482	3,061	310,543	309,529	1,014
Board of Assessment Appeals	7,089	-	7,089	2,477	4,612
Total department of assessment	314,571	3,061	317,632	312,006	5,626
<u>Department of Finance:</u>					
Finance office:					
Director of finance	110,531	-	110,531	110,531	-
Senior accountant	88,008	-	88,008	88,008	-
Clerical salaries	154,903	-	154,903	153,500	1,403
Longevity	4,080	-	4,080	4,080	-
Postage	2,700	(976)	1,724	1,695	29
Advertising	-	76	76	76	-
Consumable supplies	3,500	900	4,400	4,133	267
Reproduction and printing	800	-	800	599	201
Telephone	160	-	160	90	70
Professional associations and publication	1,800	-	1,800	1,400	400
Payroll services	25,000	(221)	24,779	22,583	2,196
Equipment and software support	20,000	221	20,221	20,221	-
Furniture and equipment	400	-	400	349	51
Training and education	1,000	-	1,000	452	548
Finance - tech & prof	3,000	-	3,000	2,583	417
Total finance office	415,882	-	415,882	410,300	5,582
Office of the Treasurer:					
Salary of treasurer	4,235	-	4,235	4,235	-
Expenses	100	-	100	100	-
Total office of the Treasurer	4,335	-	4,335	4,335	-
Office of the tax collector:					
Salary of tax collector	76,319	-	76,319	76,319	-
Clerical salaries	103,700	-	103,700	102,555	1,145
Longevity	550	-	550	550	-
Postage	15,388	-	15,388	9,104	6,284
Advertising	1,500	-	1,500	185	1,315
Consumable supplies	1,300	-	1,300	1,137	163
Reproduction and printing	7,875	-	7,875	7,136	739
Telephone	200	-	200	72	128
Equipment	1,000	-	1,000	596	404
Professional associations and publications	150	-	150	125	25
Miscellaneous	100	-	100	100	-
Equipment and software support	8,483	-	8,483	7,707	776
Furniture and Equipment	1	-	1	-	1
Training and education	1,500	-	1,500	1,212	288
Total office of the tax collector	218,066	-	218,066	206,798	11,268

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Board of Finance:					
Clerical salaries	\$ 3,200	\$ (175)	\$ 3,025	\$ 2,700	\$ 325
Postage	100	175	275	275	-
Advertising	600	-	600	528	72
Consumable supplies	200	-	200	94	106
Professional services	6,000	(3,260)	2,740	1,000	1,740
Legal support	34,000	625	34,625	34,625	-
Accounting and auditing	59,000	7,635	66,635	66,635	-
Special audit	5,000	(5,000)	-	-	-
Contingency for loss of state education aid GASB 75	850,000	-	850,000	-	850,000
	<u>106,000</u>	<u>-</u>	<u>106,000</u>	<u>106,000</u>	<u>-</u>
Total Board of Finance	<u>1,064,100</u>	<u>-</u>	<u>1,064,100</u>	<u>211,857</u>	<u>852,243</u>
Risk management:					
Risk management stipend	6,316	-	6,316	6,316	-
Property and liability insurance	691,483	(20,829)	670,654	568,087	102,567
Claims and damages	10,000	-	10,000	2,101	7,899
Dog damages	1	-	1	-	1
Safety program	2,200	(98)	2,102	240	1,862
Risk management- technical and professional	21,000	-	21,000	21,000	-
	<u>731,000</u>	<u>(20,927)</u>	<u>710,073</u>	<u>597,744</u>	<u>112,329</u>
Total risk management	<u>731,000</u>	<u>(20,927)</u>	<u>710,073</u>	<u>597,744</u>	<u>112,329</u>
Total department of finance	<u>2,433,383</u>	<u>(20,927)</u>	<u>2,412,456</u>	<u>1,431,034</u>	<u>981,422</u>
Department of planning:					
Planning office:					
Director of planning	105,268	-	105,268	105,268	-
Planner	82,509	-	82,509	82,509	-
Zoning & wetlands officer	64,623	-	64,623	64,623	-
Clerical salaries	94,766	-	94,766	92,261	2,505
Clerical meeting	5,500	(774)	4,726	3,600	1,126
Longevity	1,500	-	1,500	1,500	-
Consumable supplies	2,000	-	2,000	1,630	370
Reproduction and printing	3,000	-	3,000	2,684	316
Telephone	200	-	200	84	116
Equipment	3,000	695	3,695	3,695	-
Professional associations and publications	1,500	(121)	1,379	1,379	-
Clothing allowance	400	-	400	400	-
Furniture and equipment	500	(440)	60	60	-
Training and education	2,000	(1,175)	825	480	345
Professional services	-	3,315	3,315	3,315	-
	<u>366,766</u>	<u>1,500</u>	<u>368,266</u>	<u>363,488</u>	<u>4,778</u>
Total planning office	<u>366,766</u>	<u>1,500</u>	<u>368,266</u>	<u>363,488</u>	<u>4,778</u>
Planning and zoning commission:					
Postage	3,500	(1,000)	2,500	2,500	-
Advertising and court steno	15,000	6,072	21,072	21,072	-
	<u>18,500</u>	<u>5,072</u>	<u>23,572</u>	<u>23,572</u>	<u>-</u>
Total planning and zoning commission	<u>18,500</u>	<u>5,072</u>	<u>23,572</u>	<u>23,572</u>	<u>-</u>
Zoning board of appeals:					
Postage	725	(725)	-	-	-
Advertising	5,500	3,845	9,345	9,345	-
	<u>6,225</u>	<u>3,120</u>	<u>9,345</u>	<u>9,345</u>	<u>-</u>
Total zoning board of appeals	<u>6,225</u>	<u>3,120</u>	<u>9,345</u>	<u>9,345</u>	<u>-</u>
Conservation commission:					
Professional associations and publication	600	(600)	-	-	-
Barn island field trips	3,500	698	4,198	4,198	-
	<u>4,100</u>	<u>98</u>	<u>4,198</u>	<u>4,198</u>	<u>-</u>
Total conservation commission	<u>4,100</u>	<u>98</u>	<u>4,198</u>	<u>4,198</u>	<u>-</u>
Inland wetlands commission:					
Postage	250	(250)	-	-	-
Advertising	2,000	7,527	9,527	9,527	-
	<u>2,250</u>	<u>7,277</u>	<u>9,527</u>	<u>9,527</u>	<u>-</u>
Total inland wetlands commission	<u>2,250</u>	<u>7,277</u>	<u>9,527</u>	<u>9,527</u>	<u>-</u>

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Climate change task force:					
Clerical meetings	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ 1,000
Professional services	1,000	-	1,000	35	965
Total climate change task force	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>35</u>	<u>1,965</u>
Total department of planning	<u>399,841</u>	<u>17,067</u>	<u>416,908</u>	<u>410,165</u>	<u>6,743</u>
<u>Department of public works:</u>					
Highway department:					
Public works director	99,343	-	99,343	99,343	-
Labor salaries	1,157,054	(36,518)	1,120,536	1,084,828	35,708
Highway supervisor	76,027	527	76,554	76,554	-
Clerical salaries	25,025	3,830	28,855	28,855	-
Longevity	19,170	-	19,170	19,170	-
Postage	750	-	750	258	492
Consumable supplies	2,400	(527)	1,873	1,855	18
Telephone	500	-	500	561	(61)
Hardware	16,000	-	16,000	15,616	384
Miscellaneous	1,400	500	1,900	1,726	174
Clothing allowance	9,800	-	9,800	8,828	972
Training and education	3,500	500	4,000	3,830	170
Safety and protective	15,000	6,500	21,500	20,072	1,428
Land damage	1,600	-	1,600	842	758
Sidewalk repairs	68,000	-	68,000	66,950	1,050
Street signs	6,000	500	6,500	6,374	126
Tree trimming	17,000	-	17,000	14,440	2,560
Tree removal	16,000	-	16,000	16,000	-
Highway equipment	12,250	-	12,250	12,190	60
Road maintenance	10,000	-	10,000	9,180	820
Material disposal	25,000	(7,000)	18,000	16,750	1,250
Cemetery upkeep	1,000	1,019	2,019	2,019	-
Catch basin cleaning	25,000	(3,040)	21,960	21,960	-
Garage diagnostic equipment and tools	3,000	-	3,000	2,985	15
Leaf program	5,000	2,093	7,093	7,093	-
Bridge maintenance	1,000	-	1,000	-	1,000
Tree planting	500	-	500	-	500
Unleaded gasoline	10,000	-	10,000	6,720	3,280
Diesel fuel	50,000	-	50,000	38,861	11,139
Oil and lubrication	5,500	-	5,500	5,177	323
Repairs and maintenance (gas system)	4,000	-	4,000	3,941	59
Repairs and maintenance	150,000	30,000	180,000	179,347	653
Miscellaneous materials	1,250	-	1,250	690	560
Bituminous concrete	32,000	-	32,000	31,960	40
Drainage materials	16,000	1,785	17,785	17,785	-
Sand and gravel	25,000	(1,785)	23,215	17,076	6,139
Lumber	8,000	-	8,000	7,009	991
Pavement treatments	200,000	-	200,000	199,745	255
Annual fertilization program	34,000	(5,079)	28,921	28,451	470
Seasonal help	31,000	(5,000)	26,000	25,628	372
Materials, equipment, maintenance	27,000	500	27,500	27,124	376
Field work	15,000	5,079	20,079	20,079	-
Snow removal labor	120,000	29,900	149,900	149,900	-
Materials	140,000	(29,900)	110,100	106,445	3,655
Meal allowance	4,000	-	4,000	3,786	214
Total highway department	<u>2,490,069</u>	<u>(6,116)</u>	<u>2,483,953</u>	<u>2,408,003</u>	<u>75,950</u>
Sanitation and waste removal:					
Salary of recycling/solid waste manager	87,083	-	87,083	87,083	-
General labor	373,975	-	373,975	334,151	39,824
Clerical salaries	47,538	-	47,538	47,392	146
Longevity	5,910	-	5,910	5,910	-
Postage	3,000	-	3,000	-	3,000
Advertising	300	-	300	-	300
Consumable supplies	1,300	104	1,404	1,390	14
Reproduction and printing	700	-	700	679	21

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Equipment	\$ 100	\$ 4,980	\$ 5,080	\$ 4,980	\$ 100
Professional associations and publications	200	-	200	175	25
Clothing allowance	3,100	-	3,100	2,650	450
Training and education	500	-	500	500	-
Unleaded gasoline	4,500	-	4,500	3,072	1,428
Diesel fuel	9,000	-	9,000	5,612	3,388
Road maintenance	2,000	1,000	3,000	2,849	151
Utilities	6,500	-	6,500	5,903	597
General operations	52,000	(1,104)	50,896	44,875	6,021
Parts and labor	30,000	5,000	35,000	29,819	5,181
Grading and seeding	500	-	500	-	500
Water testing and monitoring	25,000	-	25,000	23,300	1,700
Cap maintenance	4,000	-	4,000	3,500	500
Disposal fees (SCRRA)	758,000	(69,980)	688,020	673,934	14,086
Residential collection (SCRRA)	500,000	-	500,000	490,238	9,762
Commercial collection and rentals (SCRRA)	520,000	-	520,000	518,403	1,597
SCRRA consulting	1	-	1	-	1
SCRRA contribution	1	-	1	-	1
Diesel fuel (SCRRA)	14,000	-	14,000	10,545	3,455
Repairs and maintenance (SCRRA)	13,500	-	13,500	13,292	208
SCRRA receptacle costs	98,000	-	98,000	98,000	-
Furniture and equipment	1	-	1	-	1
Total sanitation and waste removal	2,560,709	(60,000)	2,500,709	2,408,252	92,457
Engineering services:					
Town engineer	84,240	-	84,240	84,238	2
Flood plain manager	2,105	-	2,105	2,105	-
Longevity	150	-	150	150	-
Phase II storm water	10,000	-	10,000	10,000	-
Community rating system	3,500	-	3,500	2,993	507
Expenses	2,500	-	2,500	1,546	954
Clothing allowance	400	-	400	400	-
Professional services	20,000	-	20,000	19,271	729
Total engineering services	122,895	-	122,895	120,703	2,192
Operation and maintenance Town building/property:					
Janitorial/maintenance salary	62,751	-	62,751	62,644	107
Longevity	660	-	660	660	-
Miscellaneous	2,890	200	3,090	3,048	42
Heating oil	46,500	100	46,600	40,006	6,594
Electricity	133,750	(209)	133,541	101,134	32,407
Water	6,700	1,723	8,423	6,324	2,099
Sewer use	2,350	264	2,614	2,567	47
General maintenance	172,300	4,039	176,339	162,065	14,274
Street lighting	258,000	-	258,000	238,861	19,139
Total operation and maintenance Town building/property	685,901	6,117	692,018	617,309	74,709
Building official:					
Building official	81,054	201	81,255	81,254	1
Assistant building official	64,623	-	64,623	64,587	36
Clerical salaries	50,250	2,099	52,349	52,349	-
Longevity	1,800	-	1,800	1,800	-
Postage	500	-	500	500	-
Consumable supplies	500	(69)	431	431	-
Reproduction and printing	750	(125)	625	625	-
Telephone	200	(50)	150	107	43
Equipment	4,000	-	4,000	3,028	972
Professional associations and publications	1,000	556	1,556	1,556	-
Clothing allowance	800	-	800	800	-
Training and education	1,000	(313)	687	429	258
Furniture and equipment	1	-	1	-	1
Technical assistance	1,000	-	1,000	-	1,000
Total building official	207,478	2,299	209,777	207,466	2,311

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Water Pollution Control Authority:					
Clerical salaries	\$ 75,075	\$ 3,170	\$ 78,245	\$ 78,245	\$ -
Longevity	2,940	-	2,940	2,940	-
Consulting services	2,500	(2,500)	-	-	-
Postage	6,000	(1,560)	4,440	4,101	339
Advertising	500	-	500	500	-
Consumable supplies	2,000	-	2,000	1,676	324
Reproduction and printing	1,300	4	1,304	1,304	-
Telephone	100	-	100	24	76
Equipment	5,700	886	6,586	6,586	-
Total Water Pollution Control Authority	96,115	-	96,115	95,376	739
Total department of public works	6,163,167	-	6,105,467	5,857,109	248,358
Department of Public safety:					
Police services:					
Salary of chief	115,411	-	115,411	115,411	-
Salary of captain	107,314	-	107,314	107,314	-
Salary of lieutenants	187,794	-	187,794	187,060	734
Salary of sergeants	508,702	529	509,231	509,231	-
Salary of regular officers	2,093,009	(26,982)	2,066,027	2,041,768	24,259
Janitorial/maintenance salary	79,511	-	79,511	79,185	326
Boating safety personnel	14,500	401	14,901	14,901	-
Training personnel services	102,000	(11,245)	90,755	80,633	10,122
Communications specialist	417,690	(36,952)	380,738	380,001	737
Communications specialist - overtime	22,500	-	22,500	12,198	10,302
Communications specialist - uniforms	3,800	-	3,800	3,275	525
Community service officers	26,000	-	26,000	12,944	13,056
Special officers	22,000	-	22,000	16,332	5,668
Police commission clerical	1,500	-	1,500	1,500	-
School crossing guards	44,000	800	44,800	44,800	-
Animal control salaries	61,357	1,192	62,549	62,549	-
School safety personnel	15,500	180	15,680	15,680	-
Clerical salaries	139,594	686	140,280	140,280	-
Regular overtime	160,000	-	160,000	142,273	17,727
Longevity	35,530	1,665	37,195	37,195	-
Paid holidays	162,780	-	162,780	144,820	17,960
Postage	1,700	-	1,700	1,145	555
Advertising	1,200	931	2,131	2,131	-
Consumable supplies	15,000	(4,200)	10,800	10,079	721
Reproduction and printing	5,000	-	5,000	4,017	983
Equipment	12,000	27,086	39,086	39,086	-
Professional associations and publications	1,500	-	1,500	1,010	490
Miscellaneous	7,000	-	7,000	6,607	393
Canine program	4,800	-	4,800	3,221	1,579
Service officer's equipment	1,500	-	1,500	90	1,410
Boating safety expenses	13,000	570	13,570	13,570	-
Building maintenance	24,500	10,579	35,079	34,416	663
Maintenance/operations/radios	6,500	-	6,500	6,091	409
Traffic signs and signals	44,000	-	44,000	43,606	394
Law enforcement council	12,744	-	12,744	12,744	-
Drug program	5,500	-	5,500	5,500	-
Regular officers - uniforms	28,000	5,764	33,764	32,912	852
Special officers - uniforms	1,000	-	1,000	231	769
Outfitting new officers	6,500	(2,956)	3,544	3,544	-
Furniture and equipment	3,000	(800)	2,200	2,053	147
Telecommunications	108,000	(12,200)	95,800	95,800	-
Retirement fund	600,000	-	600,000	577,686	22,314
Physicals	7,000	-	7,000	2,316	4,684
Educational incentive	2,500	-	2,500	941	1,559
Postage	180	-	180	180	-
Advertising	370	(350)	20	-	20
Consumable supplies	300	(200)	100	-	100
Miscellaneous	750	550	1,300	1,048	252
Consumable supplies	7,000	161	7,161	7,161	-

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Miscellaneous	\$ 1,000	\$ (161)	\$ 839	\$ 454	\$ 385
Training	18,000	-	18,000	14,772	3,228
Telephone	600	-	600	558	42
Clothing allowance	1,000	-	1,000	926	74
Professional services	3,000	(1,566)	1,434	1,434	-
Building maintenance	2,400	(434)	1,966	1,292	674
Equipment (emergency vehicles)	6,000	-	6,000	5,315	685
Unleaded gasoline	65,000	8,804	73,804	73,710	94
Oil and lubrication	3,000	-	3,000	3,000	-
Parts and labor	40,000	1,196	41,196	41,196	-
Tires	6,500	-	6,500	6,500	-
Total public safety	5,387,536	(36,952)	5,350,584	5,205,692	144,892
Department of human services:					
Office of human services:					
Human services director	79,068	-	79,068	79,068	-
Social services administrator	74,807	377	75,184	75,184	-
Youth and family services administrator	55,824	3,511	59,335	59,335	-
Youth services program coordinator	38,591	(2,849)	35,742	35,742	-
Counseling services	36,000	(1,040)	34,960	34,337	623
Clerical salaries	82,155	-	82,155	81,375	780
Longevity	3,110	-	3,110	3,110	-
Postage	2,000	-	2,000	2,000	-
Consumable supplies	1,500	-	1,500	1,468	32
Telephone	2,200	-	2,200	2,036	164
Equipment	3,000	-	3,000	2,903	97
Reproduction and printing	5,150	(506)	4,644	4,600	44
Professional associations and publications	1,100	506	1,606	1,606	-
Youth and family services program	7,800	-	7,800	7,738	62
General assistance	30,000	-	30,000	30,000	-
Furniture and equipment	1,300	-	1,300	1,300	-
Training and education	1,000	-	1,000	982	18
Total office of human services	424,605	(1)	424,604	422,784	1,820
Commission on aging:					
Postage	1,500	465	1,965	1,965	-
Reproduction and printing	1,100	-	1,100	1,100	-
Program costs	2,200	(465)	1,735	1,735	-
Total commission on aging	4,800	-	4,800	4,800	-
Recreation:					
Salary of director	61,392	-	61,392	61,392	-
Recreation program coordinator	32,760	(572)	32,188	30,355	1,833
Consumable supplies	3,050	-	3,050	3,050	-
Telephone	1	-	1	-	1
Program expense	5,000	572	5,572	5,572	-
Equipment and trophies	3,200	(11)	3,189	3,050	139
Parts and labor	4,500	11	4,511	4,511	-
Utilities	4,500	-	4,500	4,500	-
Professional association / training	400	-	400	400	-
Total recreation	114,803	-	114,803	112,830	1,973
Housing Authority:					
Clerical salaries	1	-	1	-	1
Libraries:					
Westerly public library	93,000	-	93,000	93,000	-
Stonington free library	147,000	-	147,000	147,000	-
Mystic and Noank library	86,500	-	86,500	86,500	-
Stonington historical society	4,000	-	4,000	4,000	-
Total libraries	330,500	-	330,500	330,500	-

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Outside agencies:					
Westerly Pops Concert	\$ 2,000	\$ -	\$ 2,000	\$ 2,000	\$ -
Public health and nursing	27,000	-	27,000	27,000	-
Pawcatuck neighborhood center	180,000	-	180,000	180,000	-
Como senior citizens center	60,000	-	60,000	60,000	-
Mystic area shelter and hospital	5,000	-	5,000	5,000	-
Westerly area rest and meal	6,000	-	6,000	6,000	-
Westerly adult day services	10,000	-	10,000	10,000	-
Community vocational services	4,000	-	4,000	4,000	-
T.V.C.C.A.	1,000	-	1,000	1,000	-
Stonington prevention council	500	-	500	500	-
New London homeless hospitality	2,000	-	2,000	2,000	-
Safe futures, inc.	2,000	-	2,000	2,000	-
Stonington cemetery	2,625	-	2,625	2,625	-
Denison Pequotsepos nature center	3,000	-	3,000	3,000	-
Ocean community chamber foundation	2,000	-	2,000	2,000	-
Total outside agencies	307,125	-	307,125	307,125	-
Ambulances:					
Stonington ambulance	35,000	-	35,000	35,000	-
Mystic river ambulance	35,000	-	35,000	35,000	-
Westerly ambulance	35,000	-	35,000	35,000	-
Fire department dispatch	36,000	-	36,000	34,881	1,119
Total ambulances	141,000	-	141,000	139,881	1,119
Total department of human services	1,322,834	(1)	1,322,833	1,317,920	4,913
Debt service:					
Debt service interest:					
Series 2009 refunding	77,750	-	77,750	77,750	-
Series 2012 refunding	442,256	-	442,256	442,256	-
Series 2012 G.O. bonds (wpca)	304,500	-	304,500	304,500	-
Series 2013 G.O. bonds	123,800	-	123,800	123,800	-
Series 2014 G.O. bonds	225,449	1	225,450	225,450	-
Series 2016 G.O. bonds- school	701,327	-	701,327	701,327	-
Series 2016 G.O. bonds- Mystic Park	103,623	-	103,623	103,623	-
Total debt service interest	1,978,705	1	1,978,706	1,978,706	-
Debt service principal:					
Series 2009 refunding	675,000	-	675,000	675,000	-
Series 2012 refunding	1,610,000	-	1,610,000	1,610,000	-
Series 2012 G.O. bonds (wpca)	600,000	-	600,000	600,000	-
Series 2013 G.O. bonds	215,000	-	215,000	215,000	-
Series 2014 G.O. bonds	415,000	-	415,000	415,000	-
Series 2016 G.O. bonds- school	753,836	-	753,836	753,836	-
Series 2016 G.O. bonds- Mystic Park	111,164	-	111,164	111,164	-
Bonding costs	6,000	(1)	5,999	-	5,999
Total debt service principal	4,386,000	(1)	4,385,999	4,380,000	5,999
Total debt service	6,364,705	-	6,364,705	6,358,706	5,999
Board of Education	37,037,483	-	37,037,483	37,020,623	16,860
Total expenditures	64,225,600	(82,277)	64,143,323	62,534,675	1,608,648
Other financing uses:					
Transfers out:					
Capital nonrecurring	3,034,785	420,152	3,454,937	3,454,937	-
Sewer usage fund	300,000	-	300,000	300,000	-
Miscellaneous fund	36,095	-	36,095	36,095	-
Total other financing uses	3,370,880	420,152	3,791,032	3,791,032	-
Total expenditures and other financing uses	\$ 67,596,480	\$ 337,875	\$ 67,934,355	\$ 66,325,707	\$ 1,608,648

(Concluded)

Town of Stonington, Connecticut

Town of Stonington Employees' Pension Plan

Required Supplementary Information
Last Five Years (1)Schedule of Changes in Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 716,716	\$ 785,169	\$ 807,690	\$ 784,165	\$ 761,325
Interest	2,460,694	2,299,512	2,223,435	2,337,106	2,210,832
Change of benefit terms	-	-	-	783,451	-
Differences between expected and actual experience	(278,195)	106,186	(365,705)	(504,935)	-
Change of assumptions	-	915,592	-	(253,207)	-
Benefit payments, including refunds of member contributions	<u>(1,696,075)</u>	<u>(1,605,602)</u>	<u>(1,428,980)</u>	<u>(1,353,367)</u>	<u>(1,270,805)</u>
Net change in total pension liability	1,203,140	2,500,857	1,236,440	1,793,213	1,701,352
Total pension liability - July 1	<u>36,572,213</u>	<u>34,071,356</u>	<u>32,834,916</u>	<u>31,041,703</u>	<u>29,340,351</u>
Total pension liability - June 30 (a)	<u>37,775,353</u>	<u>36,572,213</u>	<u>34,071,356</u>	<u>32,834,916</u>	<u>31,041,703</u>
Plan fiduciary net position:					
Contributions - employer	1,009,822	997,631	1,029,505	1,103,588	1,147,449
Contributions - member	206,501	205,299	216,143	219,235	257,396
Net investment income (loss)	2,234,636	3,137,730	(79,775)	233,513	3,765,012
Benefit payments, including refunds of member contributions	(1,696,075)	(1,605,602)	(1,428,980)	(1,353,367)	(1,270,805)
Administration expenses	<u>(44,181)</u>	<u>(37,332)</u>	<u>(34,399)</u>	<u>(32,251)</u>	<u>(47,133)</u>
Net change in plan fiduciary net position	1,710,703	2,697,726	(297,506)	170,718	3,851,919
Plan fiduciary net position - July 1	<u>31,890,574</u>	<u>29,192,848</u>	<u>29,490,354</u>	<u>29,319,636</u>	<u>25,467,717</u>
Plan fiduciary net position - June 30 (b)	<u>33,601,277</u>	<u>31,890,574</u>	<u>29,192,848</u>	<u>29,490,354</u>	<u>29,319,636</u>
Net pension liability (asset) - June 30 (a)-(b)	<u>\$ 4,174,076</u>	<u>\$ 4,681,639</u>	<u>\$ 4,878,508</u>	<u>\$ 3,344,562</u>	<u>\$ 1,722,067</u>

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

Town of Stonington, Connecticut

Town of Stonington Employees' Pension Plan

Required Supplementary Information
Last Five Years (1)Schedule of Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 37,775,353	\$ 36,572,213	\$ 34,071,356	\$ 32,834,916	\$ 31,041,703
Plan fiduciary net position	<u>(33,601,277)</u>	<u>(31,890,574)</u>	<u>(29,192,848)</u>	<u>(29,490,354)</u>	<u>(29,319,636)</u>
Net pension liability	<u>\$ 4,174,076</u>	<u>\$ 4,681,639</u>	<u>\$ 4,878,508</u>	<u>\$ 3,344,562</u>	<u>\$ 1,722,067</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.95%</u>	<u>87.20%</u>	<u>85.68%</u>	<u>89.81%</u>	<u>94.45%</u>
Covered payroll	<u>\$ 7,665,442</u>	<u>\$ 8,441,906</u>	<u>\$ 8,535,124</u>	<u>\$ 9,007,063</u>	<u>9,124,324</u>
Net pension liability as a percentage of covered payroll	<u>54.45%</u>	<u>55.46%</u>	<u>57.16%</u>	<u>37.13%</u>	<u>18.87%</u>

Schedule of Investment Returns

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net investment expense	<u>7.07%</u>	<u>10.89%</u>	<u>-0.28%</u>	<u>0.83%</u>	<u>15.07%</u>

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

Town of Stonington, Connecticut

Town of Stonington Employees' Pension Plan

Required Supplementary Information
Last Ten YearsSchedule of Contributions

Actuarial Valuation Date July 1,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 1,015,388	\$ 1,009,822	\$ (5,566)	\$ 7,665,442	13.2%
2017	1,015,388	997,631	(17,757)	8,441,906	11.8%
2016	927,734	1,029,505	101,771	8,535,124	12.1%
2015	1,044,301	1,103,588	59,287	9,007,063	12.3%
2014	1,083,331	1,147,449	64,118	9,124,324	12.6%
2013	1,108,457	1,130,478	22,021	8,958,441	12.6%
2012	1,119,643	1,342,122	222,479	9,071,534	14.8%
2011	1,171,692	1,471,967	300,275	9,342,487	15.8%
2010	1,163,837	1,010,472	(153,365)	8,843,202	11.4%
2009	937,874	944,785	6,911	8,332,324	11.3%

Town of Stonington, Connecticut

Employees' Pension Plan

**Notes to Required Supplementary Information
Schedule of Contributions
Last Five Years (1)**

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 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 years - open
Asset Valuation Method	Fair value, adjusted to phase in gains and losses over a five-year period at a rate of 20% per year
Inflation	2.75%
Salary Increases	Graded schedule based on age ranging from 2.75% to 6.25%
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Mortality Rates	Based on 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 BB

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

Town of Stonington, Connecticut
CT Municipal Employees Retirement System
Required Supplementary Information
Last Four Years (1)

Schedule of Proportionate Share of the Net Pension Liability (Asset)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u> (as restated)
Town's proportion of the net pension liability (asset)	<u>2.2422%</u>	<u>2.2422%</u>	<u>2.3765%</u>	<u>2.4649%</u>
Town's proportionate share of the sub plan net pension liability (asset)	<u>\$ (1,721,274)</u>	<u>\$ (1,262,985)</u>	<u>\$ (1,999,744)</u>	<u>\$ (2,353,578)</u>
Town's covered payroll	<u>\$ 3,428,033</u>	<u>\$ 3,428,033</u>	<u>\$ 3,351,915</u>	<u>\$ 3,215,266</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>-(50.21)%</u>	<u>-(36.84)%</u>	<u>-(59.66)%</u>	<u>-(73.20)%</u>
Total plan fiduciary net position as a percentage of the total pension liability	<u>91.68%</u>	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>

Schedule of Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	<u>\$ 577,686</u>	<u>\$ 513,519</u>	<u>\$ 494,982</u>	<u>\$ 457,302</u>
Contributions in relation to the contractually required contribution	<u>577,686</u>	<u>513,519</u>	<u>494,982</u>	<u>457,302</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 3,428,033</u>	<u>\$ 3,428,033</u>	<u>\$ 3,351,915</u>	<u>\$ 3,215,266</u>
Contributions as a percentage of covered payroll	<u>16.85%</u>	<u>14.98%</u>	<u>14.77%</u>	<u>14.22%</u>

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

Town of Stonington, Connecticut

Connecticut Municipal Employees Retirement System

Notes to Required Supplementary Information
Schedule of Contributions
Last Four Years (1)

Changes of Benefit Terms	None
Changes of Assumptions	None
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

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

Town of Stonington, Connecticut
CT State Teachers' Retirement System
Required Supplementary Information
Last Four Years (3)

Schedule of Proportionate Share of the Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with Town	<u>56,047,411</u>	<u>59,130,448</u>	<u>45,293,369</u>	<u>41,864,643</u>
Total	<u>\$ 56,047,411</u>	<u>\$ 59,130,448</u>	<u>\$ 45,293,369</u>	<u>\$ 41,864,643</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Schedule of Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (1)	(1) \$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributor	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

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

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

Town of Stonington, Connecticut

CT State Teachers' Retirement System

Notes to Required Supplementary Information
 Schedule of Contributions
 Last Four Years (1)

Changes of Benefit Terms	None
Changes of Assumptions	2016:
	1. Reduce the inflation assumption from 3.00% to 2.75%.
	2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
	3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
	4. Slightly modify the merit portion of the salary scale.
	5. Reduce the payroll growth assumption from 3.75% to 3.25%.
	6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
	7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
	8. Increase rates of withdrawal.
	9. Decrease rates of disability for males.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.50%, average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation

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

Town of Stonington, Connecticut
Other Post-Employment Benefit Plan
Required Supplementary Information
Last Two Years (1)

Schedule of Changes in Net OPEB Liability

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 150,317	\$ 143,707
Interest	412,772	401,263
Differences between expected and actual experience	(1,927,076)	-
Changes in assumptions	111,053	-
Benefit payments, including refunds of member contributions	<u>(363,114)</u>	<u>(371,649)</u>
Net change in total OPEB liability	(1,616,048)	173,321
Total OPEB liability - July 1	<u>6,632,834</u>	<u>6,459,513</u>
Total OPEB liability - June 30 (a)	<u>\$ 5,016,786</u>	<u>\$ 6,632,834</u>
Plan fiduciary net position:		
Contributions - employer (including TRB subsidy)	\$ 469,114	\$ 461,649
Net investment income (loss)	39,373	67,145
Benefit payments, including refunds of member contributions	(363,114)	(371,649)
Administration expenses	<u>(8,590)</u>	<u>(2,000)</u>
Net change in plan fiduciary net position	136,783	155,145
Plan fiduciary net position - July 1	<u>1,181,966</u>	<u>1,026,821</u>
Plan fiduciary net position - June 30 (b)	<u>1,318,749</u>	<u>1,181,966</u>
Net OPEB liability (asset) - June 30 (a)-(b)	<u>\$ 3,698,037</u>	<u>\$ 5,450,868</u>

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

Town of Stonington, Connecticut

Other Post-Employment Benefit Plan

**Required Supplementary Information
Last Two Years (1)**

Schedule of Net OPEB Liability

	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 5,016,786	\$ 6,632,834
Plan fiduciary net position	<u>(1,318,749)</u>	<u>(1,181,966)</u>
Net OPEB liability	<u>\$ 3,698,037</u>	<u>\$ 5,450,868</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>26.29%</u>	<u>17.82%</u>
Covered payroll	<u>\$ 29,228,684</u>	<u>\$ 25,305,169</u>
Net OPEB liability as a percentage of covered payroll	<u>12.65%</u>	<u>21.54%</u>

Schedule of Investment Returns

	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net investment expense	<u>3.04%</u>	<u>7.45%</u>

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

Town of Stonington, Connecticut
Other Post-Employment Benefits Plan
Required Supplementary Information
Last Ten Years

Schedule of Contributions

<u>Fiscal year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution excess (deficiency)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2018	\$ 453,445	\$ 469,114	\$ 15,669	\$ 29,228,684	1.60%
2017	446,489	461,649	15,160	25,305,169	1.82%
2016	431,821	349,443	(82,378)	28,389,610	1.23%
2015	412,037	327,071	(84,966)	28,389,610	1.15%
2014	731,000	694,000	(37,000)	26,065,000	2.66%
2013	699,000	668,000	(31,000)	26,065,000	2.56%
2012	729,000	1,070,000	341,000	N/A	N/A
2011	698,000	671,000	(27,000)	N/A	N/A
2010	687,000	603,000	(84,000)	N/A	N/A
2009	658,000	568,000	(90,000)	N/A	N/A

N/A - Information is not available.

Town of Stonington, Connecticut

Other Post-Employment Benefit Plan

Notes to Required Supplementary Information
Schedule of Contributions
Last Three Years (1)

Changes of Benefit Terms	None
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Changes of Assumptions	2018 - Changed the healthcare inflation rate from 6.26% - 4.60% to 7.00% -4.60%. Mortality rates were updated from Projection Scale MP-2016 to MP-2018.
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Methods and Assumptions Used in Calculations of Actuarially Determined Contribution	2018 - Changed the actuarial cost method from Projected Unit Credit to Entry Age Normal.
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The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age Normal
-----------------------	------------------

Amortization Method	Level percentage
---------------------	------------------

Remaining Amortization Period	20 years, open
-------------------------------	----------------

Asset Valuation Method	Fair value
------------------------	------------

Investment Rate of Return	6.25%
---------------------------	-------

Healthcare Inflation Rate - Initial	7.00%
-------------------------------------	-------

Healthcare Inflation Rate - Ultimate	4.60%
--------------------------------------	-------

Inflation Rate	2.60%
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Mortality Rates	Mortality rates were based on the RP-2014 adjusted to 2006 with generational mortality improvement to current year under Projection Scale MP-2018.
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- (1) These schedules are intended to present information for 10 years. Additional years will be presented as the information available.

Town of Stonington, Connecticut

CT State Teachers' Retirement Board Retiree Health Insurance Plan

Required Supplementary Information

June 30, 2018 (3)

Schedule of Proportionate Share of the Net OPEB Liability

Town's proportion of the net OPEB liability		0.00%
		<u>0.00%</u>
Town's proportionate share of the net OPEB liability		\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with Town		14,425,979
		<u>14,425,979</u>
Total		<u>\$ 14,425,979</u>
Town's covered payroll	(2)	N/A
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll		0.00%
		<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability		0.00%
		<u>0.00%</u>

Schedule of Contributions

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

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

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

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

Town of Stonington, Connecticut

CT State Teachers' Retirement Board Retiree Health Insurance Plan

**Notes to Required Supplementary Information
Schedule of Contributions
June 30, 2018 (1)**

Changes of Benefit Terms	None
Changes of Assumptions	2016:
	The discount rate has been lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation
	The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase
	The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board
	The assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised
Actuarial Cost Method	Entry age
Amortization Method	Level percentage, open
Asset Valuation Method	Fair Value
Inflation	2.75%
Healthcare inflation rate - Initial	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation
Investment Rate of Return	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale

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

Supplemental Schedules

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e. general government public safety, highway sanitation, and waste removal, human services and 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

Report of Tax Collector
For the Year Ended June 30, 2018

Grand List Year	Uncollected Taxes July 1, 2017	Current Levy	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2018
			Additions	Deductions			Taxes	Interest and Liens	Total	
2011	\$ 174	\$ -	\$ 289	\$ -	\$ -	\$ 463	\$ 339	\$ 1,158	\$ 1,497	\$ 124
2012	4,663	-	1,467	-	-	6,130	1,855	1,432	3,287	4,275
2013	8,405	-	2,292	-	-	10,697	3,573	2,132	5,705	7,124
2014	40,611	-	6,895	9,359	-	38,147	27,903	8,845	36,748	10,244
2015	<u>528,074</u>	<u>-</u>	<u>14,644</u>	<u>22,804</u>	<u>16,965</u>	<u>502,949</u>	<u>452,075</u>	<u>81,364</u>	<u>533,439</u>	<u>50,874</u>
Total Prior Years	581,927	-	25,587	32,163	16,965	558,386	485,745	94,931	580,676	72,641
2016	<u>-</u>	<u>61,160,019</u>	<u>131,465</u>	<u>118,361</u>	<u>35,383</u>	<u>61,137,740</u>	<u>60,734,560</u>	<u>205,666</u>	<u>60,940,226</u>	<u>403,180</u>
Totals	<u>\$ 581,927</u>	<u>\$ 61,160,019</u>	<u>\$ 157,052</u>	<u>\$ 150,524</u>	<u>\$ 52,348</u>	<u>\$ 61,696,126</u>	<u>\$ 61,220,305</u>	<u>\$ 300,597</u>	<u>\$ 61,520,902</u>	<u>\$ 475,821</u>

Other Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted, committed or assigned 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
Other Governmental Funds
June 30, 2018

	Special Revenue Funds						
	Sewer Assessment Fund	Shellfish Fund	Town Aid Road Fund	Dog License Fund	SNEFLA Reserve Fund	Youth Service Activity Fund	Community Development Block Grant
<u>Assets</u>							
Cash	\$ 68,515	\$ 36,410	\$ -	\$ 16,621	\$ 182,691	\$ 271,490	\$ 2,321
Receivables:							-
Loans	-	-	-	-	-	-	224,200
Assessments/use charges	1,657	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Other	-	-	-	-	-	2,119	-
Due from other funds	2,072	-	372,576	10,252	-	-	-
Total assets	<u>\$ 72,244</u>	<u>\$ 36,410</u>	<u>\$ 372,576</u>	<u>\$ 26,873</u>	<u>\$ 182,691</u>	<u>\$ 273,609</u>	<u>\$ 226,521</u>
<u>Liabilities</u>							
Accounts payable	\$ -	\$ -	\$ 39,489	\$ 10,436	\$ -	\$ 2,701	\$ -
Retainage payable	-	-	-	-	-	-	-
Due to other funds	-	3,759	-	-	-	72,669	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>3,759</u>	<u>39,489</u>	<u>10,436</u>	<u>-</u>	<u>75,370</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue-sewer charges and assessments	1,657	-	-	-	-	-	-
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	-	224,200
Restricted	70,587	-	333,087	-	-	-	2,321
Committed	-	32,651	-	-	182,691	-	-
Assigned	-	-	-	16,437	-	198,239	-
Total fund balances	<u>70,587</u>	<u>32,651</u>	<u>333,087</u>	<u>16,437</u>	<u>182,691</u>	<u>198,239</u>	<u>226,521</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 72,244</u>	<u>\$ 36,410</u>	<u>\$ 372,576</u>	<u>\$ 26,873</u>	<u>\$ 182,691</u>	<u>\$ 273,609</u>	<u>\$ 226,521</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2018

	Special Revenue Funds						
	Planning And Development Grant Fund	Recreation Commission Fund	Sewer Infiltration Fund	Sewer Development and Maintenance Fund	Human Services Grant	Prepaid Education Grants Fund	Hot Lunch Program
<u>Assets</u>							
Cash	\$ -	\$ 145,571	\$ 31,261	\$ 1,118,366	\$ -	\$ 46,711	\$ 20,987
Receivables:							
Loans	-	-	-	-	-	-	-
Assessments/use charges	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	540	60,565
Other	-	215	-	-	-	-	-
Due from other funds	497,572	68,276	-	1,660	38,227	418	-
Total assets	<u>\$ 497,572</u>	<u>\$ 214,062</u>	<u>\$ 31,261</u>	<u>\$ 1,120,026</u>	<u>\$ 38,227</u>	<u>\$ 47,669</u>	<u>\$ 81,552</u>
<u>Liabilities</u>							
Accounts payable	\$ 60	\$ 7,089	\$ -	\$ -	\$ 1,529	\$ 5,261	\$ 3,519
Retainage payable	-	-	-	-	-	-	-
Due to other funds	-	13,489	-	1,129	-	5,646	-
Unearned revenue	390,000	-	-	-	28,092	32,088	11,262
Total liabilities	<u>390,060</u>	<u>20,578</u>	<u>-</u>	<u>1,129</u>	<u>29,621</u>	<u>42,995</u>	<u>14,781</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue-sewer charges and assessments	-	-	-	-	-	-	-
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	1,118,897	8,606	-	66,771
Committed	-	-	-	-	-	-	-
Assigned	107,512	193,484	31,261	-	-	4,674	-
Total fund balances	<u>107,512</u>	<u>193,484</u>	<u>31,261</u>	<u>1,118,897</u>	<u>8,606</u>	<u>4,674</u>	<u>66,771</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 497,572</u>	<u>\$ 214,062</u>	<u>\$ 31,261</u>	<u>\$ 1,120,026</u>	<u>\$ 38,227</u>	<u>\$ 47,669</u>	<u>\$ 81,552</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2018

	Special Revenue Funds			Capital Projects Funds		Total Other Governmental Funds	
	Miscellaneous	Stonington Harbor Management Fund	Mystic Harbor Management Fund	Total	Capital Nonrecurring		Bonded Capital Projects
<u>Assets</u>							
Cash	\$ 461,140	\$ 300	\$ -	\$ 2,402,384	\$ 5,742,527	\$ -	\$ 8,144,911
Receivables (net):							
Loans	-	-	-	224,200	-	-	224,200
Assessments/use charges	-	-	-	1,657	-	-	1,657
Intergovernmental	3,101	-	-	64,206	-	-	64,206
Other	64,218	-	-	66,552	-	-	66,552
Due from other funds	221,715	34,194	31,932	1,278,894	-	312,913	1,591,807
Total assets	<u>\$ 750,174</u>	<u>\$ 34,494</u>	<u>\$ 31,932</u>	<u>\$ 4,037,893</u>	<u>\$ 5,742,527</u>	<u>\$ 312,913</u>	<u>\$ 10,093,333</u>
<u>Liabilities</u>							
Accounts payable	\$ -	\$ -	\$ -	70,084	266,536	13,306	349,926
Retainage payable	-	-	-	-	-	158,637	158,637
Due to other funds	69,202	-	-	165,894	329,888	140	495,922
Unearned revenue	13,118	-	-	474,560	-	-	474,560
Total liabilities	<u>82,320</u>	<u>-</u>	<u>-</u>	<u>710,538</u>	<u>596,424</u>	<u>172,083</u>	<u>1,479,045</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue-sewer charges and assessments	-	-	-	1,657	-	-	1,657
<u>Fund Balances</u>							
Nonspendable	-	-	-	224,200	-	-	224,200
Restricted	9,036	-	-	1,609,305	-	-	1,609,305
Committed	-	-	-	215,342	5,146,103	140,830	5,502,275
Assigned	658,818	34,494	31,932	1,276,851	-	-	1,276,851
Total fund balances	<u>667,854</u>	<u>34,494</u>	<u>31,932</u>	<u>3,325,698</u>	<u>5,146,103</u>	<u>140,830</u>	<u>8,612,631</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 750,174</u>	<u>\$ 34,494</u>	<u>\$ 31,932</u>	<u>\$ 4,037,893</u>	<u>\$ 5,742,527</u>	<u>\$ 312,913</u>	<u>\$ 10,093,333</u>

(Concluded)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds						
	Sewer Assessment Fund	Shellfish Fund	Town Aid Road Fund	Dog License Fund	SNEFLA Reserve Fund	Youth Service Activity Fund	Community Development Block Grant
Revenues:							
Intergovernmental	\$ -	\$ -	\$ 297,008	\$ -	\$ -	\$ -	\$ 13,898
Charges for services	21,417	10,926	-	5,884	12,500	75,708	-
Use of money and property	-	71	-	-	360	525	4
Other	-	-	-	1,320	-	-	-
Total revenues	<u>21,417</u>	<u>10,997</u>	<u>297,008</u>	<u>7,204</u>	<u>12,860</u>	<u>76,233</u>	<u>13,902</u>
Expenditures:							
Current:							
General government	-	9,593	-	-	-	-	-
Public safety	-	-	-	6,908	-	-	-
Highway	-	-	374,313	-	-	-	-
Human services	-	-	-	-	-	-	9,250
Recreation	-	-	-	-	-	-	-
Education	-	-	-	-	-	120,653	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>9,593</u>	<u>374,313</u>	<u>6,908</u>	<u>-</u>	<u>120,653</u>	<u>9,250</u>
Excess (deficiency) of revenues over expenditures	<u>21,417</u>	<u>1,404</u>	<u>(77,305)</u>	<u>296</u>	<u>12,860</u>	<u>(44,420)</u>	<u>4,652</u>
Other financing sources (uses):							
Capital leases	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(45,000)	-	-	-	-	-	-
Net other financing sources (uses)	<u>(45,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(23,583)	1,404	(77,305)	296	12,860	(44,420)	4,652
Fund balances - July 1, 2017 (as restated)	<u>94,170</u>	<u>31,247</u>	<u>410,392</u>	<u>16,141</u>	<u>169,831</u>	<u>242,659</u>	<u>221,869</u>
Fund balances - June 30, 2018	<u>\$ 70,587</u>	<u>\$ 32,651</u>	<u>\$ 333,087</u>	<u>\$ 16,437</u>	<u>\$ 182,691</u>	<u>\$ 198,239</u>	<u>\$ 226,521</u>

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds						
	Planning and Development Grant Fund	Recreation Commission Fund	Sewer Infiltration Fund	Sewer Development and Maintenance Fund	Human Services Grant	Prepaid Education Grants Fund	Hot Lunch Program
Revenues:							
Intergovernmental	\$ 45,536	\$ -	\$ -	\$ -	\$ 39,304	\$ 1,691,365	\$ 332,681
Charges for services	-	216,046	-	114,325	-	-	456,203
Use of money and property	-	260	62	2,163	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>45,536</u>	<u>216,306</u>	<u>62</u>	<u>116,488</u>	<u>39,304</u>	<u>1,691,365</u>	<u>788,884</u>
Expenditures:							
Current:							
General government	44,717	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highway	-	-	-	-	-	-	-
Human services	-	-	-	-	39,647	-	-
Recreation	-	198,835	-	-	-	-	-
Education	-	-	-	-	-	1,691,365	761,293
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	2,610	-	-	-
Total expenditures	<u>44,717</u>	<u>198,835</u>	<u>-</u>	<u>2,610</u>	<u>39,647</u>	<u>1,691,365</u>	<u>761,293</u>
Excess (deficiency) of revenues over expenditures	<u>819</u>	<u>17,471</u>	<u>62</u>	<u>113,878</u>	<u>(343)</u>	<u>-</u>	<u>27,591</u>
Other financing sources (uses):							
Capital leases	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	819	17,471	62	113,878	(343)	-	27,591
Fund balances - July 1, 2017 (as restated)	106,693	176,013	31,199	1,005,019	8,949	4,674	39,180
Fund balances - June 30, 2018	<u>\$ 107,512</u>	<u>\$ 193,484</u>	<u>\$ 31,261</u>	<u>\$ 1,118,897</u>	<u>\$ 8,606</u>	<u>\$ 4,674</u>	<u>\$ 66,771</u>

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds				Capital Projects Funds		Total Other Governmental Funds
	Miscellaneous	Stonington Harbor Management Fund	Mystic Harbor Management Fund	Total	Capital Nonrecurring	Bonded Capital Projects	
Revenues:							
Intergovernmental	\$ 63,897	\$ -	\$ -	\$ 2,483,689	\$ -	\$ -	\$ 2,483,689
Charges for services	397,581	25,160	16,700	1,352,450	-	-	1,352,450
Use of money and property	3,034	-	-	6,479	39,292	-	45,771
Other	-	-	-	1,320	93,714	-	95,034
Total revenues	464,512	25,160	16,700	3,843,938	133,006	-	3,976,944
Expenditures:							
Current:							
General government	5,284	13,797	9,516	82,907	-	-	82,907
Public safety	455,965	-	-	462,873	-	-	462,873
Highway	-	-	-	374,313	-	-	374,313
Sanitation and waste removal	-	-	-	-	-	-	-
Human services	-	-	-	48,897	-	-	48,897
Recreation	-	-	-	198,835	-	-	198,835
Education	-	-	-	2,573,311	-	-	2,573,311
Debt service	-	-	-	-	1,388,239	-	1,388,239
Capital outlay	-	-	-	2,610	2,240,574	958,849	3,202,033
Total expenditures	461,249	13,797	9,516	3,743,746	3,628,813	958,849	8,331,408
Excess (deficiency) of revenues over expenditures	3,263	11,363	7,184	100,192	(3,495,807)	(958,849)	(4,354,464)
Other financing sources (uses):							
Issuance of debt	-	-	-	-	-	-	-
Capital leases	-	-	-	-	888,047	-	888,047
Transfers in	36,095	-	-	36,095	3,454,937	-	3,491,032
Transfers out	-	-	-	(45,000)	-	-	(45,000)
Net other financing sources (uses)	36,095	-	-	(8,905)	4,342,984	-	4,334,079
Net change in fund balances	39,358	11,363	7,184	91,287	847,177	(958,849)	(20,385)
Fund balances - July 1, 2017 (as restated)	628,496	23,131	24,748	3,234,411	4,298,926	1,099,679	8,633,016
Fund balances - June 30, 2018	\$ 667,854	\$ 34,494	\$ 31,932	\$ 3,325,698	\$ 5,146,103	\$ 140,830	\$ 8,612,631

(Concluded)

Internal Service Funds

Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention as allowed by GASB Statement No. 10.

Town Medical Fund

To account for medical claims of the town employees.

Town Dock Fund

To account for the general liability and property damage claims for the Town's dock.

Town of Stonington, Connecticut
Internal Service Funds
Combining Statement of Net Position
June 30, 2018

	<u>Town Medical Fund</u>	<u>Town Dock Fund</u>	<u>Total</u>
<u>Assets</u>			
Current assets:			
Cash	\$ 1,452,228	\$ 595,777	\$ 2,048,005
Due from other funds	<u>1,536,378</u>	<u>60,000</u>	<u>1,596,378</u>
Total current assets	<u>2,988,606</u>	<u>655,777</u>	<u>3,644,383</u>
<u>Liability</u>			
Current liability:			
Claims payable	<u>510,000</u>	<u>-</u>	<u>510,000</u>
<u>Net Position</u>			
Unrestricted	<u>\$ 2,478,606</u>	<u>\$ 655,777</u>	<u>\$ 3,134,383</u>

Town of Stonington, Connecticut

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2018

	Town Medical Fund	Town Dock Fund	Total
Operating revenues:			
Charges for services	\$ 7,046,601	\$ 60,000	\$ 7,106,601
Operating expenses:			
Medical claims	5,838,606	-	5,838,606
Administration and other	1,210,260	-	1,210,260
Total operating expenses	7,048,866	-	7,048,866
Operating income (loss)	(2,265)	60,000	57,735
Nonoperating revenues:			
Investment income	14,272	3,788	18,060
Change in net position	12,007	63,788	75,795
Net position - July 1, 2017	2,466,599	591,989	3,058,588
Net position - June 30, 2018	\$ 2,478,606	\$ 655,777	\$ 3,134,383

Town of Stonington, Connecticut

Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2018

	<u>Town Medical Fund</u>	<u>Town Dock Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received for charges	\$ 6,217,244	\$ 60,000	\$ 6,277,244
Cash paid for claims and other	(5,913,606)	-	(5,913,606)
Cash paid for administration	<u>(1,210,260)</u>	<u>-</u>	<u>(1,210,260)</u>
Net cash provided by (used in) operating activities	(906,622)	60,000	(846,622)
Cash flows from investing activities:			
Investment income	<u>14,272</u>	<u>3,788</u>	<u>18,060</u>
Net increase (decrease) in cash	(892,350)	63,788	(828,562)
Cash - July 1, 2017	<u>2,344,578</u>	<u>531,989</u>	<u>2,876,567</u>
Cash - June 30, 2018	<u>\$ 1,452,228</u>	<u>\$ 595,777</u>	<u>\$ 2,048,005</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (2,265)	\$ 60,000	\$ 57,735
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in:			
Interfunds	(829,357)	-	(829,357)
Increase (decrease) in:			
Claims payable	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
Net cash provided by (used in) operating activities	<u>\$ (906,622)</u>	<u>\$ 60,000</u>	<u>\$ (846,622)</u>

Trend Information

Town of Stonington, Connecticut

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

	Fiscal Year									
	2018	2017 (as restated)	2016 (as restated)	2015 (as restated)	2014	2013	2012	2011	2010	2009
Net investment in capital assets	\$ 91,526,714	\$ 90,224,341	\$ 90,575,409	\$ 88,407,197	\$ 89,847,001	\$ 92,169,328	\$ 89,588,921	\$ 88,872,739	\$ 86,773,619	\$ 83,778,472
Restricted for:										
Public safety	9,036	7,469	5,133	5,125	5,822	5,146	5,145	6,248	-	-
Highway	333,087	410,392	593,636	280,488	280,488	289,784	161,772	103,222	-	-
Sanitation and waste removal	1,806,219	1,130,388	888,463	181,673	215,378	203,662	120,534	88,972	-	-
Human services	8,606	8,949	10,328	10,133	8,933	18,031	5,934	4,525	-	-
Housing rehabilitation programs	2,321	-	-	-	-	-	-	-	-	-
Education	66,771	13,623	58,858	106,255	127,699	139,827	141,620	147,265	-	-
Unrestricted	<u>32,378,538</u>	<u>20,367,243</u>	<u>20,367,243</u>	<u>24,812,582</u>	<u>21,079,550</u>	<u>21,431,285</u>	<u>21,800,934</u>	<u>18,794,839</u>	<u>16,990,964</u>	<u>16,625,138</u>
Total net position	<u>\$ 126,131,292</u>	<u>\$ 112,162,405</u>	<u>\$ 112,499,070</u>	<u>\$ 113,803,453</u>	<u>\$ 111,564,871</u>	<u>\$ 114,257,063</u>	<u>\$ 111,824,860</u>	<u>\$ 108,017,810</u>	<u>\$ 103,764,583</u>	<u>\$ 100,403,610</u>

Town of Stonington, Connecticut
Changes in Net Position
Last Ten Years
(Unaudited)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
General government	\$ 7,359,321	\$ 7,980,223	\$ 8,330,574	\$ 7,453,587	\$ 7,433,041	\$ 6,683,580	\$ 5,853,817	\$ 5,760,338	\$ 8,017,134	\$ 7,022,960
Public safety	7,554,488	5,436,321	6,772,583	5,665,553	5,422,414	5,521,224	5,581,519	5,315,579	4,169,223	4,478,444
Highway	4,708,936	4,613,473	4,287,328	4,218,571	4,400,717	3,664,057	3,511,527	3,643,021	3,083,424	2,537,942
Sanitation and waste removal	5,142,449	5,652,720	5,436,017	5,324,794	5,743,250	5,393,478	5,326,217	5,773,771	5,178,102	5,504,529
Human services	959,903	1,652,941	936,054	727,211	725,329	720,024	777,536	803,803	343,692	581,805
Library	330,500	329,500	319,500	304,810	284,810	284,810	269,810	269,810	189,979	450,316
Recreation	311,665	250,966	274,055	185,163	171,977	174,252	297,402	225,268	183,653	153,603
Education	47,503,219	44,882,290	42,323,983	42,278,343	40,881,875	38,918,207	37,414,978	36,114,479	36,917,998	35,561,107
Interest expense	2,317,055	2,112,956	1,290,904	1,494,879	1,326,010	1,473,813	888,461	907,607	1,439,712	2,191,807
Total expenses	76,187,536	72,911,390	69,970,998	67,652,911	66,389,423	62,833,445	59,921,267	58,813,676	59,522,917	58,482,513
Program revenues:										
Charges for services:										
General government	1,067,646	888,589	1,154,923	729,068	851,715	750,359	711,631	741,220	803,809	597,524
Public safety	512,811	400,093	420,309	49,590	113,262	112,167	77,259	98,889	286,534	184,482
Highway department	511,127	366,819	454,001	277,393	235,360	199,124	244,472	204,970	256,784	429,827
Sanitation and waste removal	3,807,802	4,019,320	3,877,318	3,967,686	3,887,694	4,091,222	3,986,437	4,384,108	2,189,143	4,313,708
Human services	-	-	97,750	79,759	96,818	74,649	96,865	78,270	33,825	21,988
Library	-	-	-	-	-	-	-	-	25,385	5,575
Recreation	257,906	149,830	137,230	111,142	127,833	96,406	113,050	103,883	19,328	95,559
Education	546,508	605,623	503,657	526,982	607,743	675,144	601,777	646,736	2,308,078	678,522
Operating grants and contributions	10,719,048	7,911,926	6,731,104	6,542,596	8,208,821	7,746,843	7,436,627	6,795,674	7,386,033	7,086,405
Capital grants and contributions	10,284,845	1,676,993	427,362	200,392	403,710	647,508	425,334	1,560,955	1,937,799	1,228,228
Total program revenues	27,707,693	16,019,193	13,803,654	12,484,608	14,532,956	14,393,422	13,693,452	14,614,705	15,246,718	14,641,818
Net expenses	(48,479,843)	(56,892,197)	(56,167,344)	(55,168,303)	(51,856,467)	(48,440,023)	(46,227,815)	(44,198,971)	(44,276,199)	(43,840,695)
General revenues:										
Property taxes	61,540,895	58,995,604	56,279,632	53,659,623	51,881,485	50,686,298	49,810,644	48,620,326	47,505,735	47,149,126
Grants and contributions not restricted to specific programs	322,486	461,343	357,458	294,518	417,790	-	-	-	-	-
Investment income	481,983	155,775	138,095	194,228	196,867	171,959	167,948	196,671	222,137	408,849
Other	103,366	42,828	48,953	16,464	58,151	13,969	56,273	(364,799)	441,549	59,729
Total general revenues	62,448,730	59,655,550	56,824,138	54,164,833	52,554,293	50,872,226	50,034,865	48,452,198	48,169,421	47,617,704
Change in net position	\$ 13,968,887	\$ 2,763,353	\$ 656,794	\$ (1,003,470)	\$ 697,826	\$ 2,432,203	\$ 3,807,050	\$ 4,253,227	\$ 3,893,222	\$ 3,777,009

Town of Stonington, Connecticut
Schedule of Debt Limitation
As of and for the Year Ended June 30, 2018
(Unaudited)

Base:					
Total prior year tax collections (including interest and lien fees)					\$ 59,222,846
Total prior year tax collections (including interest and lien fees) of the Town, Borough all other taxing districts within the Town					4,475,016
Reimbursement for revenue loss on: Tax relief for elderly disabled					1,602
Base for debt limitation computation					\$ 63,699,464
Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 143,323,794	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	286,647,588	-	-	-
3 3/4 times base	-	-	238,872,990	-	-
3 1/4 times base	-	-	-	207,023,258	-
3 times base	-	-	-	-	191,098,392
Total debt limitation	143,323,794	286,647,588	238,872,990	207,023,258	191,098,392
Indebtedness:					
Bonds payable	8,671,800	45,072,000	13,771,000	-	-
Bond anticipation notes - long-term	-	7,000,000	-	-	-
Bond anticipation notes - short-term	-	13,000,000	-	-	-
Fire District Debt	1,814,666	-	-	-	-
Net indebtedness (1)	10,486,466	65,072,000	13,771,000	-	-
Debt limitation in excess of outstanding debt	\$ 132,837,328	\$ 221,575,588	\$ 225,101,990	\$ 207,023,258	\$ 191,098,392
Notes:					
(1) The total of the above net indebtedness amounts to:					\$ 89,329,466
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					\$ 445,896,248