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## Town of Stonington Maine Audited Financial Statements 2016

Stonington, Me

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Audited Financial Statements and  
Other Supplemental Information

Town of Stonington, Maine

December 31, 2016



*Proven Expertise and Integrity*

TOWN OF STONINGTON, MAINE

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Stonington  
Stonington, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Maine, as of and for the year ended December 31, 2016, 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 of material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Maine as of December 31, 2016, 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 and budgetary comparison information on pages 4 through 11 and 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stonington, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, Schedule of General Fund Revenues - Budget and Actual, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations - General Fund, Schedule of General Fund Revenues - Budget and Actual, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related 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 Schedule of Departmental Operations - General Fund, Schedule of General Fund Revenues - Budget and Actual, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2017, on our consideration of the Town of Stonington, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stonington's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
July 21, 2017



**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2016**

**(UNAUDITED)**

The following management's discussion and analysis of Town of Stonington, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Stonington's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Stonington are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, health and sanitation, culture and recreation, special assessments, social services, and unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. The Town of Stonington has one business-type activity, the water department.

### **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 of Stonington, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Stonington can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds:* Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of 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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These

reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Stonington presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget for. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

*Proprietary Funds:* The Town of Stonington maintains one proprietary fund, the water department. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Proprietary Fund Statement of Cash Flows.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental funds is \$10,616,480 compared to \$9,705,769 in the prior year, an increase of

\$910,711. For the business-type activities total net position is \$1,106,620 as compared to \$838,650 in the prior year, an increase of \$267,970.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is \$2,596,527 at the end of this year for governmental activities, an increase of \$225,130. The business-type activities unrestricted net position is \$6,143, a decrease of \$58,235.

**Table 1**  
**Town of Stonington, Maine**  
**Net Position**  
**December 31,**

|                                      | <b>Governmental Activities</b> |                     | <b>Business-type Activities</b> |                   |
|--------------------------------------|--------------------------------|---------------------|---------------------------------|-------------------|
|                                      | <b>2016</b>                    | <b>2015</b>         | <b>2016</b>                     | <b>2015</b>       |
| <b>Assets</b>                        |                                |                     |                                 |                   |
| Current and other assets             | \$ 3,037,404                   | \$ 2,702,307        | \$ 55,833                       | \$ 83,680         |
| Capital Assets                       | 7,922,832                      | 7,312,755           | 1,846,553                       | 1,531,272         |
| Total Assets                         | <u>10,960,236</u>              | <u>10,015,062</u>   | <u>1,902,386</u>                | <u>1,614,952</u>  |
| <b>Liabilities</b>                   |                                |                     |                                 |                   |
| Current Liabilities                  | 182,571                        | 112,534             | 60,901                          | 30,226            |
| Long-term Debt Outstanding           | 158,699                        | 194,273             | 734,865                         | 746,076           |
| Total Liabilities                    | <u>341,270</u>                 | <u>306,807</u>      | <u>795,766</u>                  | <u>776,302</u>    |
| <b>Deferred Inflows of Resources</b> |                                |                     |                                 |                   |
| Prepaid Taxes                        | 2,486                          | 2,486               | -                               | -                 |
| Total Deferred Inflows of Resources  | <u>2,486</u>                   | <u>2,486</u>        | <u>-</u>                        | <u>-</u>          |
| <b>Net Position</b>                  |                                |                     |                                 |                   |
| Net Investment in Capital Assets     | 7,726,801                      | 7,068,908           | 1,100,477                       | 774,272           |
| Restricted                           | 293,152                        | 265,464             | -                               | -                 |
| Unrestricted                         | 2,596,527                      | 2,371,397           | 6,143                           | 64,378            |
| Total Net Position                   | <u>\$ 10,616,480</u>           | <u>\$ 9,705,769</u> | <u>\$ 1,106,620</u>             | <u>\$ 838,650</u> |

**Table 2**  
**Town of Stonington, Maine**  
**Changes in Net Position**  
**For The Years Ended December 31,**

|  | <b>Governmental Activities</b> |                     | <b>Business-type Activities</b> |                   |
|--|--------------------------------|---------------------|---------------------------------|-------------------|
|  | <b>2016</b>                    | <b>2015</b>         | <b>2016</b>                     | <b>2015</b>       |
| <b>Revenues</b>  |                                |                     |                                 |                   |
| <i>Program revenues:</i>                                     |                                |                     |                                 |                   |
| Charges for services   | \$ 932,216                     | \$ 935,837          | \$ 193,437                      | \$ 198,030        |
| Operating grants and contributions                           | 18,956                         | 19,044              | 334,646                         | 3,037             |
| <i>General revenues:</i>                                     |                                |                     |                                 |                   |
| Property taxes   | 3,594,400                      | 3,685,214           | -                               | -                 |
| Excise taxes   | 259,695                        | 251,527             | -                               | -                 |
| Grants and contributions not restricted to specific programs | 62,921                         | 63,433              | -                               | -                 |
| Investment income, net                                       | 14,093                         | 5,837               | 56                              | 41                |
| Other revenue  | 324,063                        | 63,358              | 7,314                           | 20,573            |
| Total Revenues   | <u>5,206,344</u>               | <u>5,024,250</u>    | <u>535,453</u>                  | <u>221,681</u>    |
| <b>Expenses</b>  |                                |                     |                                 |                   |
| General government   | 325,667                        | 328,216             | -                               | -                 |
| Public safety  | 227,514                        | 225,896             | -                               | -                 |
| Health and sanitation  | 248,461                        | 235,788             | -                               | -                 |
| Public works   | 442,693                        | 445,554             | -                               | -                 |
| Special assessments  | 2,015,422                      | 2,097,152           | -                               | -                 |
| Social services  | 16,118                         | 8,524               | -                               | -                 |
| Culture and recreation                                       | 11,408                         | 14,832              | -                               | -                 |
| Unclassified   | 919,185                        | 924,792             | 247,612                         | 219,217           |
| Capital outlay   | 31,143                         | 17,352              | -                               | -                 |
| Depreciation   | 26,807                         | 15,649              | -                               | -                 |
| Interest on long-term debt                                   | 31,215                         | 34,041              | 19,871                          | 6,477             |
| Total Expenses   | <u>4,295,633</u>               | <u>4,347,796</u>    | <u>267,483</u>                  | <u>225,694</u>    |
| Change in Net Position                                       | 910,711                        | 676,454             | 267,970                         | (4,013)           |
| Net Position - January 1                                     | <u>9,705,769</u>               | <u>9,029,315</u>    | <u>838,650</u>                  | <u>842,663</u>    |
| Net Position - December 31                                   | <u>\$ 10,616,480</u>           | <u>\$ 9,705,769</u> | <u>\$ 1,106,620</u>             | <u>\$ 838,650</u> |

## Revenues and Expenses

Revenues for the Town's governmental activities increased by \$182,094, while total expenses decreased by \$52,163. The largest increase in revenues was in other revenue. Most of the Town's expenses were consistent with the previous year with minor increases or decreases. The biggest decrease in expenses was in special assessments.

Revenues for the proprietary fund increased by \$313,772 from the prior year. This was mainly the result of an operating grants and contributions. Expenses for the proprietary fund were mostly consistent with the prior year.

## Financial Analysis of the Town's Fund Statements

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

**Table 3**  
**Town of Stonington, Maine**  
**Fund Balances - Governmental Funds**  
**December 31,**

|                         | <u>2016</u>         | <u>2015</u>         |
|-------------------------|---------------------|---------------------|
| Major Funds:            |                     |                     |
| General Fund:           |                     |                     |
| Committed               | \$ 60,000           | \$ -                |
| Unassigned              | 1,524,464           | 1,391,324           |
| Total Major Funds       | <u>\$ 1,584,464</u> | <u>\$ 1,391,324</u> |
| Nonmajor Funds:         |                     |                     |
| Special Revenue Funds:  |                     |                     |
| Restricted              | \$ 233,163          | \$ 205,764          |
| Committed               | 12,362              | 12,317              |
| Unassigned              | (2,663)             | (663)               |
| Capital Projects Funds: |                     |                     |
| Nonspendable            | 2,410               | 5,500               |
| Committed               | 827,899             | 795,314             |
| Permanent Funds:        |                     |                     |
| Restricted              | 59,989              | 59,700              |
| Total Nonmajor Funds    | <u>\$ 1,133,160</u> | <u>\$ 1,077,932</u> |

The general fund total fund balance increased by \$193,140 over the prior fiscal year. Nonmajor funds total fund balances increased by \$55,228 over the prior fiscal year.

*Proprietary funds:* The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

### **Budgetary Highlights**

There was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budget by \$316,695. All revenue categories exceeded budget with the exception of property taxes.

The general fund actual expenditures were under the budget by \$276,445. All expenditures were under budget, with the exception of culture and recreation.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of December 31, 2016, the net book value of capital assets recorded by the Town increased by \$925,358. This increase is a result of the purchase of assets of \$1,103,839 less annual depreciation expense of \$178,481. Refer to Note 4 of Notes to Financial Statements for further details.

**Table 4**  
**Town of Stonington, Maine**  
**Capital Assets (Net of Depreciation)**  
**December 31,**

|  | <u>2016</u>         | <u>2015</u>         |
|--|---------------------|---------------------|
| Land and construction in progress                                    | \$ 6,990,598        | \$ 6,496,174        |
| Buildings, building improvements and<br>land improvements            | 656,244             | 680,561             |
| Water mains, machinery and equipment<br>furniture/fixtures, vehicles | 1,174,690           | 1,302,929           |
| Infrastructure   | <u>947,853</u>      | <u>364,363</u>      |
| Total  | <u>\$ 9,769,385</u> | <u>\$ 8,844,027</u> |

## **Debt**

At December 31, 2016, the Town had \$193,358 in notes outstanding versus \$225,136 in the prior year. The Town also has \$746,076 in bonds payable versus \$757,000 in the prior year. Refer to Note 5 of Notes to Financial Statements for additional information.

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

The Town has steadily maintained a sufficient undesignated fund balance to sustain government operations for a period of approximately four months, while also maintaining significant reserve accounts for future capital and program needs.

## **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at P.O. Box 9, Stonington, Maine 04578.



## STATEMENT A

## TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2016

|   | Governmental<br>Activities | Business-<br>type<br>Activities | Total                |
|---|----------------------------|---------------------------------|----------------------|
| <b>ASSETS</b>   |                            |                                 |                      |
| Current assets:   |                            |                                 |                      |
| Cash and cash equivalents   | \$ 2,729,974               | \$ 50,921                       | \$ 2,780,895         |
| Accounts receivable (net of allowance for uncollectibles):        |                            |                                 |                      |
| Taxes   | 165,247                    | -                               | 165,247              |
| Liens   | 53,368                     | -                               | 53,368               |
| Loans   | 51,792                     | -                               | 51,792               |
| Other   | 14,769                     | 4,912                           | 19,681               |
| Prepaid items   | 19,844                     | -                               | 19,844               |
| Inventory   | 2,410                      | -                               | 2,410                |
| Total current assets  | <u>3,037,404</u>           | <u>55,833</u>                   | <u>3,093,237</u>     |
| Noncurrent assets:  |                            |                                 |                      |
| Capital assets:   |                            |                                 |                      |
| Land and other assets not being depreciated                       | 5,936,500                  | 1,054,098                       | 6,990,598            |
| Buildings and vehicles, net of accumulated depreciation           | <u>1,986,332</u>           | <u>792,455</u>                  | <u>2,778,787</u>     |
| Total noncurrent assets   | <u>7,922,832</u>           | <u>1,846,553</u>                | <u>9,769,385</u>     |
| Total assets  | <u>\$ 10,960,236</u>       | <u>\$ 1,902,386</u>             | <u>\$ 12,862,622</u> |
| <b>LIABILITIES</b>  |                            |                                 |                      |
| Current liabilities:  |                            |                                 |                      |
| Accounts payable  | \$ 136,626                 | \$ 45,795                       | \$ 182,421           |
| Payroll related liabilities                                       | 1,151                      | -                               | 1,151                |
| Other liabilities   | 2,017                      | 3,895                           | 5,912                |
| Current portion of long-term obligations                          | <u>42,777</u>              | <u>11,211</u>                   | <u>53,988</u>        |
| Total current liabilities   | <u>182,571</u>             | <u>60,901</u>                   | <u>243,472</u>       |
| Noncurrent liabilities:   |                            |                                 |                      |
| Noncurrent portion of long-term obligations:                      |                            |                                 |                      |
| Notes payable   | 158,149                    | 734,865                         | 893,014              |
| Accrued compensated absences                                      | <u>550</u>                 | <u>-</u>                        | <u>550</u>           |
| Total noncurrent liabilities                                      | <u>158,699</u>             | <u>734,865</u>                  | <u>893,564</u>       |
| Total liabilities   | <u>341,270</u>             | <u>795,766</u>                  | <u>1,137,036</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                              |                            |                                 |                      |
| Prepaid taxes   | <u>2,486</u>               | <u>-</u>                        | <u>2,486</u>         |
| Total deferred inflows of resources                               | <u>2,486</u>               | <u>-</u>                        | <u>2,486</u>         |
| <b>NET POSITION</b>   |                            |                                 |                      |
| Net investment in capital assets                                  | 7,726,801                  | 1,100,477                       | 8,827,278            |
| Restricted  | 293,152                    | -                               | 293,152              |
| Unrestricted  | <u>2,596,527</u>           | <u>6,143</u>                    | <u>2,602,670</u>     |
| Total net position  | <u>10,616,480</u>          | <u>1,106,620</u>                | <u>11,723,100</u>    |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 10,960,236</u>       | <u>\$ 1,902,386</u>             | <u>\$ 12,862,622</u> |

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF STONINGTON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

| Functions/Programs                 | Expenses            | Program Revenues        |  |                                      | Net (Expense) Revenue and Changes<br>in Net Position |                                  |                    |
|------------------------------------|---------------------|-------------------------|--|--------------------------------------|--|----------------------------------|--------------------|
|                                    |                     | Charges for<br>Services | Operating<br>Grants &<br>Contributions | Capital<br>Grants &<br>Contributions | Governmental<br>Activities                           | Business -<br>type<br>Activities | Total              |
| Governmental activities:           |                     |                         |  |                                      |  |                                  |                    |
| General government                 | \$ 325,667          | \$ 22,333               | \$ -                                   | \$ -                                 | \$ (303,334)   | \$ -                             | \$ (303,334)       |
| Public safety                      | 227,514             | 10,964                  | -                                      | -                                    | (216,550)  | -                                | (216,550)          |
| Health and sanitation              | 248,461             | 35,908                  | -                                      | -                                    | (212,553)  | -                                | (212,553)          |
| Public works                       | 442,693             | 11,395                  | 18,956                                 | -                                    | (412,342)  | -                                | (412,342)          |
| Special assessments                | 2,015,422           | -                       | -                                      | -                                    | (2,015,422)  | -                                | (2,015,422)        |
| Social services                    | 16,118              | -                       | -                                      | -                                    | (16,118)   | -                                | (16,118)           |
| Culture and recreation             | 11,408              | -                       | -                                      | -                                    | (11,408)   | -                                | (11,408)           |
| Unclassified                       | 919,185             | 851,616                 | -                                      | -                                    | (67,569)   | -                                | (67,569)           |
| Capital outlay                     | 31,143              | -                       | -                                      | -                                    | (31,143)   | -                                | (31,143)           |
| Unallocated depreciation (Note 4)* | 26,807              | -                       | -                                      | -                                    | (26,807)   | -                                | (26,807)           |
| Interest on long term debt         | 31,215              | -                       | -                                      | -                                    | (31,215)   | -                                | (31,215)           |
| Total governmental activities      | <u>4,295,633</u>    | <u>932,216</u>          | <u>18,956</u>                          | <u>-</u>                             | <u>(3,344,461)</u>                                   | <u>-</u>                         | <u>(3,344,461)</u> |
| Business-type activities:          |                     |                         |  |                                      |  |                                  |                    |
| Water department                   | 267,483             | 193,437                 | 334,646                                | -                                    | -  | 260,600                          | 260,600            |
| Total business-type activities     | <u>267,483</u>      | <u>193,437</u>          | <u>334,646</u>                         | <u>-</u>                             | <u>-</u>   | <u>260,600</u>                   | <u>260,600</u>     |
| Total government                   | <u>\$ 4,563,116</u> | <u>\$ 1,125,653</u>     | <u>\$ 353,602</u>                      | <u>\$ -</u>                          | <u>(3,344,461)</u>                                   | <u>260,600</u>                   | <u>(3,083,861)</u> |

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)

TOWN OF STONINGTON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

|   | Governmental<br>Activities | Business-type<br>Activities | Total         |
|---|----------------------------|-----------------------------|---------------|
| Changes In net position:  |                            |                             |               |
| Net (expense) revenue   | (3,344,461)                | 260,600                     | (3,083,861)   |
| General revenues:   |                            |                             |               |
| Taxes:  |                            |                             |               |
| Property taxes, levied for general purposes                     | 3,594,400                  | -                           | 3,594,400     |
| Excise taxes  | 259,695                    | -                           | 259,695       |
| Grants and contributions not restricted to<br>specific programs | 62,921                     | -                           | 62,921        |
| Investment income, net  | 14,093                     | 56                          | 14,149        |
| Other income  | 324,063                    | 7,314                       | 331,377       |
| Total general revenues  | 4,255,172                  | 7,370                       | 4,262,542     |
| Change in net position  | 910,711                    | 267,970                     | 1,178,681     |
| Net position - January 1  | 9,705,769                  | 838,650                     | 10,544,419    |
| Net position - December 31                                      | \$ 10,616,480              | \$ 1,106,620                | \$ 11,723,100 |

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF STONINGTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

|   | General<br>Fund     | Nonmajor<br>Funds   | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------|--------------------------------|
| ASSETS  |                     |                     |                                |
| Cash and cash equivalents   | \$ 1,603,418        | \$ 1,126,556        | \$ 2,729,974                   |
| Accounts receivable (net of allowance<br>for uncollectibles):         |                     |                     |                                |
| Taxes   | 165,247             | -                   | 165,247                        |
| Liens   | 53,368              | -                   | 53,368                         |
| Loans   | -                   | 51,792              | 51,792                         |
| Other   | 14,769              | -                   | 14,769                         |
| Inventory   | -                   | 2,410               | 2,410                          |
| Prepaid items   | 19,844              | -                   | 19,844                         |
| Due from other funds  | 166,754             | 119,156             | 285,910                        |
| TOTAL ASSETS  | <u>\$ 2,023,400</u> | <u>\$ 1,299,914</u> | <u>\$ 3,323,314</u>            |
| LIABILITIES   |                     |                     |                                |
| Accounts payable  | \$ 136,626          | \$ -                | \$ 136,626                     |
| Payroll related liabilities   | 1,151               | -                   | 1,151                          |
| Due to other funds  | 119,156             | 166,754             | 285,910                        |
| Due to other governments  | 2,017               | -                   | 2,017                          |
| TOTAL LIABILITIES   | <u>258,950</u>      | <u>166,754</u>      | <u>425,704</u>                 |
| DEFERRED INFLOWS OF RESOURCES   |                     |                     |                                |
| Prepaid taxes   | 2,486               | -                   | 2,486                          |
| Deferred revenue  | 177,500             | -                   | 177,500                        |
| TOTAL DEFERRED INFLOWS OF RESOURCES                                   | <u>179,986</u>      | <u>-</u>            | <u>179,986</u>                 |
| FUND BALANCES   |                     |                     |                                |
| Nonspendable  | -                   | 2,410               | 2,410                          |
| Restricted  | -                   | 293,152             | 293,152                        |
| Committed   | 60,000              | 840,261             | 900,261                        |
| Assigned  | -                   | -                   | -                              |
| Unassigned  | 1,524,464           | (2,663)             | 1,521,801                      |
| TOTAL FUND BALANCES   | <u>1,584,464</u>    | <u>1,133,160</u>    | <u>2,717,624</u>               |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF<br>RESOURCES AND FUND BALANCES | <u>\$ 2,023,400</u> | <u>\$ 1,299,914</u> | <u>\$ 3,323,314</u>            |

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF STONINGTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2016

|  | Total<br>Governmental<br>Funds |
|--|--------------------------------|
| Total Fund Balances  | \$ 2,717,624                   |
| Amounts reported for governmental activities in the Statement of Net Position<br>are different because:  |                                |
| Capital assets used in governmental activities are not financial resources and<br>therefore are not reported in the funds, net of accumulated depreciation | 7,922,832                      |
| Other long-term assets are not available to pay for current-period expenditures<br>and therefore are deferred in the funds shown above:                    |                                |
| Taxes and liens receivable   | 177,500                        |
| Long-term liabilities shown below, are not due and payable in the current period<br>and therefore are not reported in the funds shown above:               |                                |
| Accrued compensated absences   | (5,445)                        |
| Notes payable  | (193,358)                      |
| Capital leases payable   | (2,673)                        |
| Net position of governmental activities  | <u>\$ 10,616,480</u>           |

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF STONINGTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

|  | General<br>Fund            | Nonmajor<br>Funds          | Total<br>Governmental<br>Funds |
|--|----------------------------|----------------------------|--------------------------------|
| REVENUES   |                            |                            |                                |
| Taxes:   |                            |                            |                                |
| Property Taxes   | \$ 3,589,400               | \$ -                       | \$ 3,589,400                   |
| Excise taxes   | 259,695                    | -                          | 259,695                        |
| Intergovernmental  | 81,877                     | -                          | 81,877                         |
| Charges for services   | 80,600                     | 851,616                    | 932,216                        |
| Interest/costs on liens                                      | 12,008                     | -                          | 12,008                         |
| Investment income, net                                       | 3,831                      | 10,262                     | 14,093                         |
| Other income   | 33,839                     | 278,216                    | 312,055                        |
| TOTAL REVENUES   | <u>4,061,250</u>           | <u>1,140,094</u>           | <u>5,201,344</u>               |
| EXPENDITURES   |                            |                            |                                |
| Current:   |                            |                            |                                |
| General government   | 316,448                    | -                          | 316,448                        |
| Public safety  | 197,081                    | -                          | 197,081                        |
| Health and sanitation  | 248,161                    | -                          | 248,161                        |
| Public works   | 359,564                    | -                          | 359,564                        |
| Special assessments  | 2,015,422                  | -                          | 2,015,422                      |
| Social services  | 16,118                     | -                          | 16,118                         |
| Culture and recreation                                       | 11,408                     | -                          | 11,408                         |
| Unclassified   | 107,849                    | 970,451                    | 1,078,300                      |
| Debt service   | 74,808                     | 4,223                      | 79,031                         |
| Capital outlay   | -                          | 631,443                    | 631,443                        |
| TOTAL EXPENDITURES   | <u>3,346,859</u>           | <u>1,606,117</u>           | <u>4,952,976</u>               |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | <u>714,391</u>             | <u>(466,023)</u>           | <u>248,368</u>                 |
| OTHER FINANCING SOURCES (USES)                               |                            |                            |                                |
| Transfers in   | -                          | 521,251                    | 521,251                        |
| Transfers (out)  | (521,251)                  | -                          | (521,251)                      |
| TOTAL OTHER FINANCING SOURCES (USES)                         | <u>(521,251)</u>           | <u>521,251</u>             | <u>-</u>                       |
| NET CHANGE IN FUND BALANCES                                  | 193,140                    | 55,228                     | 248,368                        |
| FUND BALANCES - JANUARY 1                                    | <u>1,391,324</u>           | <u>1,077,932</u>           | <u>2,469,256</u>               |
| FUND BALANCES - DECEMBER 31                                  | <u><u>\$ 1,584,464</u></u> | <u><u>\$ 1,133,160</u></u> | <u><u>\$ 2,717,624</u></u>     |

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF STONINGTON, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

|   |                          |
|---|--------------------------|
| Net change in fund balances - total governmental funds (Statement E)  | \$ 248,368               |
| Amounts reported for governmental activities in the Statement of Activities<br>(Statement B) are different because:   |                          |
| Governmental funds report capital outlays as expenditures while governmental activities<br>report depreciation expense allocated to those expenditures over the life of the assets:     |                          |
| Capital asset purchases capitalized   | 759,415                  |
| Depreciation expense  | <u>(149,338)</u>         |
|   | <u>610,077</u>           |
| Revenues in the Statement of Activities that do not provide current financial resources<br>are not reported as revenues in the funds:   |                          |
| Taxes and liens receivable  | <u>5,000</u>             |
| Some expenses reported in the Statement of Activities do not require the use of<br>current financial resources and therefore are not reported as expenditures in<br>governmental funds: |                          |
| Accrued compensated absences  | <u>(550)</u>             |
| Repayment of long-term debt principal is an expenditure in the governmental<br>funds, but the repayment reduces long-term liabilities in the Statement of Net Position.                 | <u>47,816</u>            |
| Change in net position of governmental activities (Statement B)   | <u><u>\$ 910,711</u></u> |

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2016

|   | Enterprise Fund<br>Water<br>Department |
|---|--|
| <b>ASSETS</b>   |  |
| Current assets:   |  |
| Cash and cash equivalents                                 | \$ 50,921                              |
| Accounts receivable (net of allowance for uncollectibles) | 4,912                                  |
| Total current assets                                      | <u>55,833</u>                          |
| Noncurrent assets:  |  |
| Construction in progress                                  | 987,431                                |
| Land, buildings, mains, and other water assets            | 1,536,938                              |
| Vehicles and equipment                                    | 345,741                                |
| Total capital assets                                      | <u>2,870,110</u>                       |
| Less: accumulated depreciation                            | <u>(1,023,557)</u>                     |
| Total noncurrent assets                                   | <u>1,846,553</u>                       |
| Total assets  | <u><u>\$ 1,902,386</u></u>             |
| <b>LIABILITIES</b>  |  |
| Current liabilities:                                      |  |
| Accounts payable  | \$ 45,795                              |
| Accrued expenses  | 3,895                                  |
| Current portion of long-term obligations                  | 11,211                                 |
| Total current liabilities                                 | <u>60,901</u>                          |
| Noncurrent liabilities:                                   |  |
| Noncurrent portion of long-term obligations:              |  |
| Notes payable   | 734,865                                |
| Total noncurrent liabilities                              | <u>734,865</u>                         |
| Total liabilities   | <u>795,766</u>                         |
| <b>NET POSITION</b>                                       |  |
| Net investment in capital assets                          | 1,100,477                              |
| Unrestricted  | 6,143                                  |
| Total net position  | <u>1,106,620</u>                       |
| Total liabilities and net position                        | <u><u>\$ 1,902,386</u></u>             |

See accompanying independent auditors' report and notes to financial statements.



## TOWN OF STONINGTON, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2016

|  | Enterprise Fund<br>Water<br>Department |
|--|--|
| OPERATING REVENUES                     |  |
| Charges for services                   | \$ 193,437                             |
| Other income                           | 7,314                                  |
| TOTAL OPERATING REVENUES               | <u>200,751</u>                         |
| OPERATING EXPENSES                     |  |
| Payroll                                | 56,512                                 |
| Benefits/Taxes                         | 17,620                                 |
| Utilities                              | 10,247                                 |
| Chemicals                              | 536                                    |
| Contracted services                    | 93,475                                 |
| Materials and supplies                 | 21,531                                 |
| Insurance                              | 6,605                                  |
| Depreciation and amortization          | 29,143                                 |
| Transportation                         | 3,364                                  |
| Other operating expenses               | 8,579                                  |
| TOTAL OPERATING EXPENSES               | <u>247,612</u>                         |
| OPERATING INCOME (LOSS)                | <u>(46,861)</u>                        |
| NONOPERATING REVENUES (EXPENSES)       |  |
| Project cost contributions             | 334,646                                |
| Interest income                        | 56                                     |
| Interest expense                       | (19,871)                               |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>314,831</u>                         |
| CHANGE IN NET POSITION                 | 267,970                                |
| NET POSITION - JANUARY 1               | <u>838,650</u>                         |
| NET POSITION - DECEMBER 31             | <u><u>\$ 1,106,620</u></u>             |

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF STONINGTON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

|  | <u>Enterprise Fund</u><br><u>Water</u><br><u>Department</u> |
|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES   |   |
| Receipts from customers  | \$ 193,437  |
| Other receipts   | 12,757  |
| Payments to employees  | (56,512)  |
| Payments to suppliers  | (131,569)   |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES   | <u>18,113</u>   |
| CASH FLOWS FROM INVESTING ACTIVITIES   |   |
| Interest income  | <u>56</u>   |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES   | <u>56</u>   |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES                                       |   |
| Capital asset purchased with grants  | 334,646   |
| Principal paid on capital debt   | (10,924)  |
| Purchase of capital assets (net)   | (344,424)   |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES                           | <u>(40,573)</u>   |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS   | (22,404)  |
| CASH AND CASH EQUIVALENTS - JANUARY 1  | <u>73,325</u>   |
| CASH AND CASH EQUIVALENTS - DECEMBER 31  | <u><u>\$ 50,921</u></u>                                     |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: |   |
| Operating income (loss)  | \$ (46,861)   |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |   |
| Depreciation and amortization expense  | 29,143  |
| Changes in assets and liabilities:   |   |
| (Increase) decrease in accounts receivable   | 5,443   |
| (Decrease) increase in accounts payable  | 30,158  |
| (Decrease) increase in accrued expenses  | 230   |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES   | <u><u>\$ 18,113</u></u>                                     |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF STONINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Stonington was incorporated under the laws of the State of Maine. The Town operates under Town selectmen-manager form of government and provides the following services: general government, public safety, public works, health and sanitation, social services and culture and recreation.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended December 31, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

TOWN OF STONINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, "*Certain External Investment Pools and Pool Participants*". This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF STONINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Government-Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's water department is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

TOWN OF STONINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

TOWN OF STONINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

The Town of Stonington's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the basic financial statements.

1. Late in the prior fiscal year the Town prepared a budget for the year beginning January 1. The operating budget included proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town of Stonington was then called for the purpose of adopting the proposed budget after public notice of the meeting had been given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. No supplemental budgetary appropriations were necessary during the fiscal year
5. The Town did not adopt budgets for the special revenue funds.

**Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.



TOWN OF STONINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Town of Stonington has no formal investment policy but instead follows the State of Maine Statutes.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Inventories**

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The inventory on the nonmajor funds is made up of fuel and is recorded on the first in-first out basis.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$0 as December 31, 2016.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

|                         |                |
|-------------------------|----------------|
| Buildings               | 20 - 50 years  |
| Infrastructure          | 50 - 100 years |
| Machinery and equipment | 3 - 50 years   |
| Vehicles                | 3 - 25 years   |

**Long-term Obligations**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes and bonds payable, capital leases, and compensated absences.

TOWN OF STONINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

**Compensated Absences**

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of December 31, 2016, the Town's liability for compensated absences is \$5,445.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

TOWN OF STONINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

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

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times 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 currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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 has only one type of item, deferred tax

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied June 29, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due on August 31, 2016. Interest on unpaid taxes commenced on September 1, 2016 at 7% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$134,862 for the year ended December 31, 2016.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided, operating or capital grants and contributions, including special assessments).

**Operating/Non-Operating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF STONINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At December 31, 2016, the Town's cash balance amounting to \$2,780,895 was comprised of bank deposits of \$2,978,284. Of these bank deposits, \$1,403,342 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$1,574,942 was collateralized with securities held by the financial institution in the Town's name.

TOWN OF STONINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

| <u>Account Type</u> | <u>Bank<br/>Balance</u>    |
|---------------------|----------------------------|
| Checking accounts   | \$ 1,806,964               |
| Savings             | <u>1,171,320</u>           |
|                     | <u><u>\$ 2,978,284</u></u> |

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

At December 31, 2016, the Town had \$0 of investments.

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2016 consisted of the following individual fund receivables and payables:

|                                 | Receivables<br>(Due From) | Payables<br>(Due To) |
|---------------------------------|---------------------------|----------------------|
| General fund                    | \$ 166,754                | \$ 119,156           |
| Nonmajor special revenue funds  | 58,078                    | 2,671                |
| Nonmajor capital projects funds | 61,078                    | 163,634              |
| Nonmajor permanent funds        | -                         | 449                  |
| Totals                          | <u>\$ 285,910</u>         | <u>\$ 285,910</u>    |

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2016:

|                                 | Balance<br>1/1/16   | Additions         | Disposals   | Balance<br>12/31/16 |
|---------------------------------|---------------------|-------------------|-------------|---------------------|
| <u>Governmental activities:</u> |                     |                   |             |                     |
| Non-depreciated assets:         |                     |                   |             |                     |
| Land                            | \$ 5,786,500        | \$ 150,000        | \$ -        | \$ 5,936,500        |
|                                 | <u>5,786,500</u>    | <u>150,000</u>    | <u>-</u>    | <u>5,936,500</u>    |
| Depreciated assets:             |                     |                   |             |                     |
| Buildings                       | 2,058,111           | -                 | -           | 2,058,111           |
| Building improvements           | 91,725              | 10,185            | -           | 101,910             |
| Land improvements               | 405,348             | -                 | -           | 405,348             |
| Machinery & equipment           | 581,964             | -                 | -           | 581,964             |
| Vehicles                        | 803,009             | -                 | -           | 803,009             |
| Infrastructure                  | 393,507             | 599,230           | -           | 992,737             |
|                                 | <u>4,333,664</u>    | <u>609,415</u>    | <u>-</u>    | <u>4,943,079</u>    |
| Less: accumulated depreciation  | (2,807,409)         | (149,338)         | -           | (2,956,747)         |
|                                 | <u>1,526,255</u>    | <u>460,077</u>    | <u>-</u>    | <u>1,986,332</u>    |
| Net capital assets              | <u>\$ 7,312,755</u> | <u>\$ 610,077</u> | <u>\$ -</u> | <u>\$ 7,922,832</u> |



TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 4 - CAPITAL ASSETS (CONTINUED)

|                                   | Balance<br>1/1/16   | Additions         | Disposals   | Balance<br>12/31/16 |
|-----------------------------------|---------------------|-------------------|-------------|---------------------|
| <u>Business-type activities:</u>  |                     |                   |             |                     |
| Non-depreciated assets:           |                     |                   |             |                     |
| Land                              | \$ 66,667           | \$ -              | \$ -        | \$ 66,667           |
| Construction in progress          | 643,007             | 344,424           | -           | 987,431             |
|                                   | <u>709,674</u>      | <u>344,424</u>    | <u>-</u>    | <u>1,054,098</u>    |
| Depreciated assets:               |                     |                   |             |                     |
| Building improvements             | 7,469               | -                 | -           | 7,469               |
| Machinery & equipment             | 345,741             | -                 | -           | 345,741             |
| Infrastructure / mains, etc       | 1,462,802           | -                 | -           | 1,462,802           |
|                                   | <u>1,816,012</u>    | <u>-</u>          | <u>-</u>    | <u>1,816,012</u>    |
| Less: accumulated depreciation    | <u>(994,414)</u>    | <u>(29,143)</u>   | <u>-</u>    | <u>(1,023,557)</u>  |
|                                   | <u>821,598</u>      | <u>(29,143)</u>   | <u>-</u>    | <u>792,455</u>      |
| Net capital assets                | <u>\$ 1,531,272</u> | <u>\$ 315,281</u> | <u>\$ -</u> | <u>\$ 1,846,553</u> |
| <u>Current year depreciation:</u> |                     |                   |             |                     |
| General government                |                     |                   |             | \$ 8,669            |
| Public safety                     |                     |                   |             | 30,433              |
| Public works                      |                     |                   |             | 83,129              |
| Water department                  |                     |                   |             | 29,143              |
| Health and sanitation             |                     |                   |             | 300                 |
| Town-wide                         |                     |                   |             | 26,807              |
| Total depreciation expenses       |                     |                   |             | <u>\$ 178,481</u>   |

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

|                                       | Balance<br>1/1/16   | Additions     | Reductions         | Balance<br>12/31/16 | Current<br>Portion |
|---------------------------------------|---------------------|---------------|--------------------|---------------------|--------------------|
| Notes payable - governmental          | \$ 225,136          | \$ -          | \$ (31,778)        | \$ 193,358          | \$ 35,209          |
| Bonds / Notes payable - business-type | 757,000             | -             | (10,924)           | 746,076             | 11,211             |
| Capital leases payable - governmental | 18,711              | -             | (16,038)           | 2,673               | 2,673              |
| Accrued compensated absences          | 4,895               | 550           | -                  | 5,445               | 4,895              |
| Totals                                | <u>\$ 1,005,742</u> | <u>\$ 550</u> | <u>\$ (58,740)</u> | <u>\$ 947,552</u>   | <u>\$ 53,988</u>   |

TOWN OF STONINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 5 - LONG -TERM DEBT (CONTINUED)

The following is a summary of outstanding notes payable:

Notes payable - governmental activities

|  |                |
|--|----------------|
| 2010 First National Bank note of \$35,000 for school building. Interest is stated at 3.8%. Monthly payments include both principal and interest in the amount of \$352 until November 2020.          | \$ 15,025      |
| 2012 Bar Harbor Bank & Trust note of \$315,000 for Moose Island Causeway. Interest is stated at 3.8%. Monthly payments include both principal and interest in the amount of \$2,895 until June 2022. | <u>178,333</u> |
| Total notes payable - governmental activities  | <u>193,358</u> |

Bonds payable - business-type activities

|   |                          |
|---|--------------------------|
| 2015 Rural Utilities Service note for water company. Interest is stated at 2.625%. Annual payments of \$30,795 include both principal and interest. | <u>746,076</u>           |
| Total bonds payable - business-type funds   | <u>746,076</u>           |
| Total notes payable   | <u><u>\$ 939,434</u></u> |

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 5 - LONG -TERM DEBT (CONTINUED)

The following is a summary of outstanding note principal and interest requirements for the following fiscal years ending December 31:

| Governmental<br>Activities  | Principal         | Interest          | Total<br>Debt Service |
|-----------------------------|-------------------|-------------------|-----------------------|
| 2017                        | \$ 35,209         | \$ 3,755          | \$ 38,964             |
| 2018                        | 35,985            | 2,979             | 38,964                |
| 2019                        | 36,778            | 2,186             | 38,964                |
| 2020                        | 36,884            | 2,080             | 38,964                |
| 2021                        | 34,095            | 4,165             | 38,260                |
| 2022-2026                   | 14,407            | 101               | 14,508                |
|                             | <u>\$ 193,358</u> | <u>\$ 15,266</u>  | <u>\$ 208,624</u>     |
|                             |                   |                   |                       |
| Business-type<br>Activities | Principal         | Interest          | Total<br>Debt Service |
| 2017                        | \$ 11,211         | \$ 19,584         | \$ 30,795             |
| 2018                        | 11,505            | 19,290            | 30,795                |
| 2019                        | 11,807            | 18,988            | 30,795                |
| 2020                        | 12,117            | 18,678            | 30,795                |
| 2021                        | 12,435            | 18,360            | 30,795                |
| 2022-2026                   | 67,245            | 86,730            | 153,975               |
| 2027-2031                   | 76,545            | 77,430            | 153,975               |
| 2032-2036                   | 87,133            | 66,842            | 153,975               |
| 2037-2041                   | 99,186            | 54,789            | 153,975               |
| 2042-2046                   | 112,908           | 41,067            | 153,975               |
| 2047-2051                   | 128,526           | 25,449            | 153,975               |
| 2052-2056                   | 115,458           | 7,722             | 123,180               |
|                             | <u>\$ 746,076</u> | <u>\$ 454,929</u> | <u>\$ 1,201,005</u>   |

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended December 31, 2016 was \$51,086.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 5 - LONG -TERM DEBT (CONTINUED)

\$18,711, capital lease payable to John Deere Financial for a backhoe due in monthly installments through February of 2017. Interest is charged at a rate of 2.06%.

|  |                 |
|--|-----------------|
| Year Ending<br>December 31,<br>2017            |                 |
| Total minimum lease payment                    | \$ 2,728        |
| Less amount representing interest              | 2,728           |
| Present value of future minimum lease payments | (55)            |
|  | <u>\$ 2,673</u> |

NOTE 6 - NONSPENDABLE FUND BALANCES

At December 31, 2016, the Town has the following nonspendable fund balances:

|  |                 |
|--|-----------------|
| Nonmajor capital projects funds (Schedule F) | <u>\$ 2,410</u> |
|--|-----------------|

NOTE 7 - RESTRICTED FUND BALANCES

At December 31, 2016, the Town has the following restricted fund balances:

|   |                   |
|---|-------------------|
| Nonmajor special revenue funds (Schedule D) | \$ 233,163        |
| Nonmajor permanent funds (Schedule H)       | 59,989            |
|   | <u>\$ 293,152</u> |

NOTE 8 - COMMITTED FUND BALANCE

At December 31, 2016, the Town has the following committed fund balances:

|  |                   |
|--|-------------------|
| General fund:                                |                   |
| Land purchase                                | \$ 60,000         |
| Nonmajor special revenue funds (Schedule D)  | 12,362            |
| Nonmajor capital projects funds (Schedule F) | 827,899           |
|  | <u>\$ 900,261</u> |

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 9 - RISK MANAGEMENT

The Town faces a full realm of risks typical of a thriving entity. Liabilities associated with torts and protections against damage of loss of assets are the general categories of risk for which the Town carries commercial insurance. Specific insurance related to these categories includes general, police and public officials liability coverage, workers compensation, and automobile insurance. The Town is liable for deductibles ranging up to \$10,000 for settlements exceeding the limits of coverage, which range from \$400,000 to \$3,000,000. The amount of settlements has not exceeded insurance coverage for each of the past three years.

NOTE 10 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 11 - EXPENDITURES OVER APPROPRIATIONS

The Town had the following overspent appropriations at December 31, 2016:

|             |                 |
|-------------|-----------------|
| Town garage | \$ 1,163        |
| Town parks  | 165             |
|             | <u>\$ 1,328</u> |

NOTE 12 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of December 31, 2016:

|                                 |                 |
|---------------------------------|-----------------|
| Nonmajor special revenue funds: |                 |
| Community center generator      | \$ 663          |
| CDBG Enterprise                 | 2,000           |
|                                 | <u>\$ 2,663</u> |

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 13 - OVERLAPPING DEBT

The Town's proportionate share of debt of the County of Hancock and CSD #13 has not been recorded in the financial statement of the Town of Stonington. It is not required to be recorded in order for the financial statements to conform to generally accepted accounting principles. As of December 31, 2016, the Town's share was as follows:

|                   | <u>Outstanding<br/>Debt</u> | <u>Town's<br/>Percentage</u> | <u>Total<br/>Share</u> |
|-------------------|-----------------------------|------------------------------|------------------------|
| County of Hancock | \$ 1,200,000                | 2.16%                        | \$ 25,920              |
| CSD No. 13        | 2,524,978                   | 35.05%                       | 885,005                |
|                   |                             |                              | <u>\$ 910,925</u>      |

NOTE 14 - JOINT VENTURE

The Town of Stonington is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2015 (most recent data available), the Town of Stonington's share of the Joint Venture's net position was \$217,072. Complete financial statements may be obtained from the Municipal Review Committee, 40 Harlow Street, Bangor, Maine 04401.

### Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual General Fund

## TOWN OF STONINGTON, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2016

|  | Budgeted Amounts  |                   | Actual              | Variance<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---------------------|------------------------------------|
|  | Original          | Final             |                     |                                    |
| Budgetary Fund Balance, January 1      | \$ 1,391,324      | \$ 1,391,324      | \$ 1,391,324        | \$ -                               |
| Resources (Inflows):                   |                   |                   |                     |                                    |
| Property taxes                         | 3,594,400         | 3,594,400         | 3,589,400           | (5,000)                            |
| Excise taxes                           | -                 | -                 | 259,695             | 259,695                            |
| Intergovernmental                      | 81,768            | 81,768            | 81,877              | 109                                |
| Charges for services                   | 52,095            | 52,095            | 80,600              | 28,505                             |
| Interest/Costs on liens                | -                 | -                 | 12,008              | 12,008                             |
| Investment income, net                 | 1,000             | 1,000             | 3,831               | 2,831                              |
| Other revenues                         | 15,292            | 15,292            | 33,839              | 18,547                             |
| Transfers from other funds             | -                 | -                 | -                   | -                                  |
| Amounts Available for Appropriation    | <u>5,135,879</u>  | <u>5,135,879</u>  | <u>5,452,574</u>    | <u>316,695</u>                     |
| Charges to Appropriations (Outflows):  |                   |                   |                     |                                    |
| General government                     | 340,743           | 340,743           | 316,448             | 24,295                             |
| Public safety                          | 209,088           | 206,194           | 197,081             | 9,113                              |
| Health and sanitation                  | 263,000           | 263,000           | 248,161             | 14,839                             |
| Public works                           | 467,500           | 467,500           | 359,564             | 107,936                            |
| Special assessments                    | 2,015,422         | 2,015,422         | 2,015,422           | -                                  |
| Social services                        | 17,321            | 17,321            | 16,118              | 1,203                              |
| Culture and recreation                 | 12,500            | 11,243            | 11,408              | (165)                              |
| Unclassified                           | 227,067           | 227,067           | 107,849             | 119,218                            |
| Debt service                           | 74,814            | 74,814            | 74,808              | 6                                  |
| Transfers to other funds               | 517,100           | 521,251           | 521,251             | -                                  |
| Total Charges to Appropriation         | <u>4,144,555</u>  | <u>4,144,555</u>  | <u>3,868,110</u>    | <u>276,445</u>                     |
| Budgetary Fund Balance, December 31    | <u>\$ 991,324</u> | <u>\$ 991,324</u> | <u>\$ 1,584,464</u> | <u>\$ 593,140</u>                  |
| Utilization of unassigned fund balance | <u>\$ 400,000</u> | <u>\$ 400,000</u> | <u>\$ -</u>         | <u>\$ (400,000)</u>                |

See accompanying independent auditors' report and notes to financial statements.



### Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Schedule of General Fund Revenues - Budget and Actual
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of Capital Assets by Function
- Schedule of Changes in Capital Assets by Function

## TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

|                              | Appropriations | Budget<br>Adjustments | Total<br>Available | Expenditures | Variance<br>Positive (Negative) |
|------------------------------|----------------|-----------------------|--------------------|--------------|---------------------------------|
| <b>GENERAL GOVERNMENT</b>    |                |                       |                    |              |                                 |
| Administration               | \$ 95,650      | \$ -                  | \$ 95,650          | \$ 88,020    | \$ 7,630                        |
| Wages, salaries and taxes    | 162,950        | -                     | 162,950            | 161,427      | 1,523                           |
| Employee healthcare          | 54,993         | -                     | 54,993             | 50,464       | 4,529                           |
| Town hall maintenance        | 25,000         | -                     | 25,000             | 14,907       | 10,093                          |
| Planning board               | 1,900          | -                     | 1,900              | 1,558        | 342                             |
| Appeals board                | 250            | -                     | 250                | 72           | 178                             |
| Total                        | 340,743        | -                     | 340,743            | 316,448      | 24,295                          |
| <b>PUBLIC SAFETY</b>         |                |                       |                    |              |                                 |
| Animal control               | 4,450          | -                     | 4,450              | 326          | 4,124                           |
| Hydrant rental               | 59,000         | -                     | 59,000             | 59,000       | -                               |
| Code enforcement             | 15,600         | -                     | 15,600             | 12,719       | 2,881                           |
| Health officer               | 250            | -                     | 250                | 250          | -                               |
| Fire department              | 49,000         | (2,894)               | 46,106             | 46,106       | -                               |
| 911-Road signs               | 600            | -                     | 600                | 448          | 152                             |
| Sheriff services             | 69,888         | -                     | 69,888             | 67,944       | 1,944                           |
| Street lights                | 10,300         | -                     | 10,300             | 10,288       | 12                              |
| Total                        | 209,088        | (2,894)               | 206,194            | 197,081      | 9,113                           |
| <b>HEALTH AND SANITATION</b> |                |                       |                    |              |                                 |
| Transfer station             | 263,000        | -                     | 263,000            | 248,161      | 14,839                          |
| Total                        | 263,000        | -                     | 263,000            | 248,161      | 14,839                          |

## TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

|                               | Appropriations | Budget<br>Adjustments | Total<br>Available | Expenditures | Variance<br>Positive (Negative) |
|-------------------------------|----------------|-----------------------|--------------------|--------------|---------------------------------|
| <b>PUBLIC WORKS</b>           |                |                       |                    |              |                                 |
| Town roads                    | 172,650        | -                     | 172,650            | 145,042      | 27,608                          |
| Winter roads                  | 226,450        | -                     | 226,450            | 155,525      | 70,925                          |
| Equipment                     | 51,700         | -                     | 51,700             | 41,134       | 10,566                          |
| Town garage                   | 11,700         | -                     | 11,700             | 12,863       | (1,163)                         |
| Colwell ramp                  | 5,000          | -                     | 5,000              | 5,000        | -                               |
| Total                         | 467,500        | -                     | 467,500            | 359,564      | 107,936                         |
| <b>SPECIAL ASSESSMENTS</b>    |                |                       |                    |              |                                 |
| School                        | 1,900,888      | -                     | 1,900,888          | 1,900,888    | -                               |
| County tax                    | 114,534        | -                     | 114,534            | 114,534      | -                               |
| Total                         | 2,015,422      | -                     | 2,015,422          | 2,015,422    | -                               |
| <b>SOCIAL SERVICES</b>        |                |                       |                    |              |                                 |
| General assistance            | 1,500          | -                     | 1,500              | 297          | 1,203                           |
| Hancock County Homecare       | 7,526          | -                     | 7,526              | 7,526        | -                               |
| Eastern Area Agency on Aging  | 2,600          | -                     | 2,600              | 2,600        | -                               |
| WHCA                          | 4,345          | -                     | 4,345              | 4,345        | -                               |
| YMCA                          | 750            | -                     | 750                | 750          | -                               |
| American Red Cross            | 600            | -                     | 600                | 600          | -                               |
| Total                         | 17,321         | -                     | 17,321             | 16,118       | 1,203                           |
| <b>CULTURE AND RECREATION</b> |                |                       |                    |              |                                 |
| Stonington Library            | 6,000          | -                     | 6,000              | 6,000        | -                               |
| Island Recreation Board       | 1,500          | -                     | 1,500              | 1,500        | -                               |
| Athletic field                | 1,000          | (465)                 | 535                | 535          | -                               |
| Town parks                    | 4,000          | (792)                 | 3,208              | 3,373        | (165)                           |
| Total                         | 12,500         | (1,257)               | 11,243             | 11,408       | (165)                           |

## TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

|                              | Appropriations      | Budget<br>Adjustments | Total<br>Available  | Expenditures        | Variance<br>Positive (Negative) |
|------------------------------|---------------------|-----------------------|---------------------|---------------------|---------------------------------|
| <b>DEBT SERVICE</b>          |                     |                       |                     |                     |                                 |
| Backhoe                      | 16,400              | -                     | 16,400              | 16,400              | -                               |
| Fire truck                   | 23,670              | -                     | 23,670              | 23,664              | 6                               |
| Moose island causeway        | 34,744              | -                     | 34,744              | 34,744              | -                               |
| Total                        | <u>74,814</u>       | <u>-</u>              | <u>74,814</u>       | <u>74,808</u>       | <u>6</u>                        |
| <b>UNCLASSIFIED</b>          |                     |                       |                     |                     |                                 |
| Downeast Transportation      | 800                 | -                     | 800                 | 800                 | -                               |
| Economic Development         | 18,500              | -                     | 18,500              | 18,422              | 78                              |
| Hancock County RCC           | 4,235               | -                     | 4,235               | 4,235               | -                               |
| Fourth of July               | 3,600               | -                     | 3,600               | 3,600               | -                               |
| Child & Family opportunities | 3,080               | -                     | 3,080               | 3,080               | -                               |
| Healthy Island               | 2,500               | -                     | 2,500               | 2,500               | -                               |
| Hancock County Planning      | 1,220               | -                     | 1,220               | 1,220               | -                               |
| Chamber of Commerce          | 600                 | -                     | 600                 | 600                 | -                               |
| Memorial Day                 | 450                 | -                     | 450                 | 450                 | -                               |
| Hospice of Hancock County    | 800                 | -                     | 800                 | 800                 | -                               |
| Island community center      | 10,800              | -                     | 10,800              | 10,800              | -                               |
| WIC program                  | 1,120               | -                     | 1,120               | 1,120               | -                               |
| Project launch               | 1,500               | -                     | 1,500               | 1,500               | -                               |
| Tax discounts                | 30,000              | -                     | 30,000              | 26,794              | 3,206                           |
| Sand beach                   | 8,500               | -                     | 8,500               | 8,267               | 233                             |
| Cemeteries                   | 4,500               | -                     | 4,500               | 2,204               | 2,296                           |
| Overlay/Abatements           | 134,862             | -                     | 134,862             | 21,457              | 113,405                         |
| Total                        | <u>227,067</u>      | <u>-</u>              | <u>227,067</u>      | <u>107,849</u>      | <u>119,218</u>                  |
| Transfer to other funds      | <u>517,100</u>      | <u>4,151</u>          | <u>521,251</u>      | <u>521,251</u>      | <u>-</u>                        |
| Total                        | <u>517,100</u>      | <u>4,151</u>          | <u>521,251</u>      | <u>521,251</u>      | <u>-</u>                        |
| <b>TOTAL EXPENDITURES</b>    | <u>\$ 4,144,555</u> | <u>\$ -</u>           | <u>\$ 4,144,555</u> | <u>\$ 3,868,110</u> | <u>\$ 276,445</u>               |

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF STONINGTON, MAINE

SCHEDULE OF GENERAL FUND REVENUES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016

|  | Budgeted Amounts    |                     | Actual              | Variance               |
|--|---------------------|---------------------|---------------------|------------------------|
|  | Original            | Final               |                     | Positive<br>(Negative) |
| REVENUES                                   |                     |                     |                     |                        |
| Property taxes                             | \$ 3,594,400        | \$ 3,594,400        | \$ 3,589,400        | \$ (5,000)             |
| Excise taxes:                              |                     |                     |                     |                        |
| Auto excise                                | -                   | -                   | 259,695             | 259,695                |
| Intergovernmental revenues:                |                     |                     |                     |                        |
| State revenue sharing                      | 31,534              | 31,534              | 30,155              | (1,379)                |
| Homestead exemption                        | 28,438              | 28,438              | 29,298              | 860                    |
| Local road assistance                      | 15,000              | 15,000              | 18,956              | 3,956                  |
| BETE reimbursement                         | 3,301               | 3,301               | -                   | (3,301)                |
| Tree growth                                | 2,500               | 2,500               | 2,648               | 148                    |
| Other intergovernmental                    | 995                 | 995                 | 820                 | (175)                  |
| Interest/Investment income, net            | 1,000               | 1,000               | 3,831               | 2,831                  |
| Interest/Costs on liens                    | -                   | -                   | 12,008              | 12,008                 |
| Charges for services:                      |                     |                     |                     |                        |
| Municipal agent fees                       | 4,500               | 4,500               | 8,940               | 4,440                  |
| Snow removal contract                      | 11,395              | 11,395              | 11,395              | -                      |
| Building permits                           | 3,000               | 3,000               | 6,991               | 3,991                  |
| Tipping fees                               | 21,000              | 21,000              | 16,997              | (4,003)                |
| Demo debris income                         | 4,000               | 4,000               | 18,911              | 14,911                 |
| Trash fees                                 | 4,500               | 4,500               | 10,964              | 6,464                  |
| Other fees                                 | 2,500               | 2,500               | 4,252               | 1,752                  |
| In lieu of taxes                           | 1,200               | 1,200               | 2,150               | 950                    |
| Other income:                              |                     |                     |                     |                        |
| CATV fee                                   | 2,000               | 2,000               | 2,801               | 801                    |
| Miscellaneous                              | 13,292              | 13,292              | 31,038              | 17,746                 |
| TOTAL REVENUES                             | <u>3,744,555</u>    | <u>3,744,555</u>    | <u>4,061,250</u>    | <u>316,695</u>         |
| OTHER FINANCING SOURCES                    |                     |                     |                     |                        |
| Transfers in                               | -                   | -                   | -                   | -                      |
| TOTAL OTHER FINANCING SOURCES              | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>               |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>\$ 3,744,555</u> | <u>\$ 3,744,555</u> | <u>\$ 4,061,250</u> | <u>\$ 316,695</u>      |

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

|  | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds | Permanent<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|------------------------------|--------------------|--|
| <b>ASSETS</b>                                  |                             |                              |                    |  |
| Cash and cash equivalents                      | \$ 135,663                  | \$ 930,455                   | \$ 60,438          | \$ 1,126,556                               |
| Due from other funds                           | 58,078                      | 61,078                       | -                  | 119,156                                    |
| Inventory                                      | -                           | 2,410                        | -                  | 2,410                                      |
| Loans receivable                               | 51,792                      | -                            | -                  | 51,792                                     |
| <b>TOTAL ASSETS</b>                            | <u>\$ 245,533</u>           | <u>\$ 993,943</u>            | <u>\$ 60,438</u>   | <u>\$ 1,299,914</u>                        |
| <b>LIABILITIES</b>                             |                             |                              |                    |  |
| Due to other funds                             | \$ 2,671                    | \$ 163,634                   | \$ 449             | \$ 166,754                                 |
| <b>TOTAL LIABILITIES</b>                       | <u>2,671</u>                | <u>163,634</u>               | <u>449</u>         | <u>166,754</u>                             |
| <b>FUND BALANCES</b>                           |                             |                              |                    |  |
| Nonspendable                                   | -                           | 2,410                        | -                  | 2,410                                      |
| Restricted                                     | 233,163                     | -                            | 59,989             | 293,152                                    |
| Committed                                      | 12,362                      | 827,899                      | -                  | 840,261                                    |
| Assigned                                       | -                           | -                            | -                  | -  |
| Unassigned                                     | (2,663)                     | -                            | -                  | (2,663)                                    |
| <b>TOTAL FUND BALANCES</b>                     | <u>242,862</u>              | <u>830,309</u>               | <u>59,989</u>      | <u>1,133,160</u>                           |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCES</b> | <u>\$ 245,533</u>           | <u>\$ 993,943</u>            | <u>\$ 60,438</u>   | <u>\$ 1,299,914</u>                        |

See accompanying independent auditors' report and notes to financial statements.

## SCHEDULE C

## TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

|  | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds | Permanent<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|------------------------------|--------------------|--|
| REVENUES   |                             |                              |                    |  |
| Charges for services   | \$ -                        | \$ 851,616                   | \$ -               | \$ 851,616                                 |
| Investment income  | 6,351                       | 3,622                        | 289                | 10,262                                     |
| Other income   | 51,350                      | 226,866                      | -                  | 278,216                                    |
| TOTAL REVENUES   | <u>57,701</u>               | <u>1,082,104</u>             | <u>289</u>         | <u>1,140,094</u>                           |
| EXPENDITURES   |                             |                              |                    |  |
| Capital outlay   | -                           | 631,443                      | -                  | 631,443                                    |
| Debt service   | -                           | 4,223                        | -                  | 4,223                                      |
| Other  | 182,257                     | 788,194                      | -                  | 970,451                                    |
| TOTAL EXPENDITURES   | <u>182,257</u>              | <u>1,423,860</u>             | <u>-</u>           | <u>1,606,117</u>                           |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | <u>(124,556)</u>            | <u>(341,756)</u>             | <u>289</u>         | <u>(466,023)</u>                           |
| OTHER FINANCING SOURCES (USES)                               |                             |                              |                    |  |
| Transfers in   | 150,000                     | 371,251                      | -                  | 521,251                                    |
| Transfers (out)  | -                           | -                            | -                  | -  |
| TOTAL OTHER FINANCING SOURCES (USES)                         | <u>150,000</u>              | <u>371,251</u>               | <u>-</u>           | <u>521,251</u>                             |
| NET CHANGE IN FUND BALANCES                                  | 25,444                      | 29,495                       | 289                | 55,228                                     |
| FUND BALANCES - JANUARY 1                                    | <u>217,418</u>              | <u>800,814</u>               | <u>59,700</u>      | <u>1,077,932</u>                           |
| FUND BALANCES - DECEMBER 31                                  | <u>\$ 242,862</u>           | <u>\$ 830,309</u>            | <u>\$ 59,989</u>   | <u>\$ 1,133,160</u>                        |

See accompanying independent auditors' report and notes to financial statements.

### Special Revenue Funds Description

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.



## TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET- NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2016

|   | CDBG<br>Grant    | Lobster<br>Working<br>Group | Bayview<br>Street<br>Repair | Community<br>Center<br>Generator | Urgent<br>Need<br>Grant |
|---|------------------|-----------------------------|-----------------------------|----------------------------------|-------------------------|
| ASSETS  |                  |                             |                             |                                  |                         |
| Cash and cash equivalents                         | \$ -             | \$ -                        | \$ -                        | \$ -                             | \$ -                    |
| Due from other funds                              | 15,297           | -                           | -                           | -                                | -                       |
| Loans receivable                                  | -                | -                           | -                           | -                                | -                       |
| TOTAL ASSETS                                      | <u>\$ 15,297</u> | <u>\$ -</u>                 | <u>\$ -</u>                 | <u>\$ -</u>                      | <u>\$ -</u>             |
| LIABILITIES                                       |                  |                             |                             |                                  |                         |
| Due to other funds                                | \$ -             | \$ -                        | \$ -                        | \$ 663                           | \$ -                    |
| TOTAL LIABILITIES                                 | <u>-</u>         | <u>-</u>                    | <u>-</u>                    | <u>663</u>                       | <u>-</u>                |
| FUND BALANCES (DEFICITS)                          |                  |                             |                             |                                  |                         |
| Nonspendable                                      | -                | -                           | -                           | -                                | -                       |
| Restricted  | 15,297           | -                           | -                           | -                                | -                       |
| Committed   | -                | -                           | -                           | -                                | -                       |
| Assigned  | -                | -                           | -                           | -                                | -                       |
| Unassigned  | -                | -                           | -                           | (663)                            | -                       |
| TOTAL FUND BALANCES (DEFICITS)                    | <u>15,297</u>    | <u>-</u>                    | <u>-</u>                    | <u>(663)</u>                     | <u>-</u>                |
| TOTAL LIABILITIES AND FUND<br>BALANCES (DEFICITS) | <u>\$ 15,297</u> | <u>\$ -</u>                 | <u>\$ -</u>                 | <u>\$ -</u>                      | <u>\$ -</u>             |

## TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET- NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2016

|   | Heating<br>Fund  | Genesis<br>Study | MCF<br>Housing  | Microloan<br>Program | CDBG<br>Grant    | CDBG Comm<br>Enterprise<br>Microloan | Total             |
|---|------------------|------------------|-----------------|----------------------|------------------|--------------------------------------|-------------------|
| <b>ASSETS</b>   |                  |                  |                 |                      |                  |                                      |                   |
| Cash and cash equivalents                                 | \$ 12,194        | \$ -             | \$ -            | \$ 123,469           | \$ -             | \$ -                                 | \$ 135,663        |
| Due from other funds                                      | -                | 176              | 2,000           | 15,097               | 25,508           | -                                    | 58,078            |
| Loans receivable  | -                | -                | -               | 51,792               | -                | -                                    | 51,792            |
| <b>TOTAL ASSETS</b>                                       | <u>\$ 12,194</u> | <u>\$ 176</u>    | <u>\$ 2,000</u> | <u>\$ 190,358</u>    | <u>\$ 25,508</u> | <u>\$ -</u>                          | <u>\$ 245,533</u> |
| <b>LIABILITIES</b>  |                  |                  |                 |                      |                  |                                      |                   |
| Due to other funds  | \$ 8             | \$ -             | \$ -            | \$ -                 | \$ -             | \$ 2,000                             | \$ 2,671          |
| <b>TOTAL LIABILITIES</b>                                  | <u>8</u>         | <u>-</u>         | <u>-</u>        | <u>-</u>             | <u>-</u>         | <u>2,000</u>                         | <u>2,671</u>      |
| <b>FUND BALANCES (DEFICITS)</b>                           |                  |                  |                 |                      |                  |                                      |                   |
| Nonspendable  | -                | -                | -               | -                    | -                | -                                    | -                 |
| Restricted  | -                | -                | 2,000           | 190,358              | 25,508           | -                                    | 233,163           |
| Committed   | 12,186           | 176              | -               | -                    | -                | -                                    | 12,362            |
| Assigned  | -                | -                | -               | -                    | -                | -                                    | -                 |
| Unassigned  | -                | -                | -               | -                    | -                | (2,000)                              | (2,663)           |
| <b>TOTAL FUND BALANCES (DEFICITS)</b>                     | <u>12,186</u>    | <u>176</u>       | <u>2,000</u>    | <u>190,358</u>       | <u>25,508</u>    | <u>(2,000)</u>                       | <u>242,862</u>    |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCES (DEFICITS)</b> | <u>\$ 12,194</u> | <u>\$ 176</u>    | <u>\$ 2,000</u> | <u>\$ 190,358</u>    | <u>\$ 25,508</u> | <u>\$ -</u>                          | <u>\$ 245,533</u> |

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

|  | CDBG<br>Grant | Lobster<br>Working<br>Group | Bayview<br>Street<br>Repair | Community<br>Center<br>Generator | Urgent<br>Need<br>Grant |
|--|---------------|-----------------------------|-----------------------------|----------------------------------|-------------------------|
| REVENUES   |               |                             |                             |                                  |                         |
| Investment income  | \$ -          | \$ -                        | \$ -                        | \$ -                             | \$ -                    |
| Other income   | -             | -                           | -                           | -                                | -                       |
| TOTAL REVENUES   | -             | -                           | -                           | -                                | -                       |
| EXPENDITURES   |               |                             |                             |                                  |                         |
| Other  | 4,254         | -                           | -                           | -                                | -                       |
| TOTAL EXPENDITURES   | 4,254         | -                           | -                           | -                                | -                       |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | (4,254)       | -                           | -                           | -                                | -                       |
| OTHER FINANCING SOURCES (USES)                               |               |                             |                             |                                  |                         |
| Transfers in   | -             | -                           | -                           | -                                | -                       |
| Transfers (out)  | -             | -                           | -                           | -                                | -                       |
| TOTAL OTHER FINANCING SOURCES (USES)                         | -             | -                           | -                           | -                                | -                       |
| NET CHANGE IN FUND BALANCES                                  | (4,254)       | -                           | -                           | -                                | -                       |
| FUND BALANCES (DEFICITS) - JANUARY 1                         | 19,551        | -                           | -                           | (663)                            | -                       |
| FUND BALANCES (DEFICITS) - DECEMBER 31                       | \$ 15,297     | \$ -                        | \$ -                        | \$ (663)                         | \$ -                    |

## TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

|  | Heating<br>Fund  | Genesis<br>Study | MCF<br>Housing  | Microloan<br>Program | Ralston<br>Property | MMA Safety<br>Grant | Total             |
|--|------------------|------------------|-----------------|----------------------|---------------------|---------------------|-------------------|
| REVENUES   |                  |                  |                 |                      |                     |                     |                   |
| Investment income  | \$ 52            | \$ -             | \$ -            | \$ 6,299             | \$ -                | \$ -                | \$ 6,351          |
| Other income   | 350              | -                | -               | -                    | 50,000              | 1,000               | 51,350            |
| TOTAL REVENUES   | <u>402</u>       | <u>-</u>         | <u>-</u>        | <u>6,299</u>         | <u>50,000</u>       | <u>1,000</u>        | <u>57,701</u>     |
| EXPENDITURES   |                  |                  |                 |                      |                     |                     |                   |
| Other  | 357              | -                | -               | 154                  | 174,492             | 3,000               | 182,257           |
| TOTAL EXPENDITURES   | <u>357</u>       | <u>-</u>         | <u>-</u>        | <u>154</u>           | <u>174,492</u>      | <u>3,000</u>        | <u>182,257</u>    |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | <u>45</u>        | <u>-</u>         | <u>-</u>        | <u>6,145</u>         | <u>(124,492)</u>    | <u>(2,000)</u>      | <u>(124,556)</u>  |
| OTHER FINANCING SOURCES (USES)                               |                  |                  |                 |                      |                     |                     |                   |
| Transfers in   | -                | -                | -               | -                    | 150,000             | -                   | 150,000           |
| Transfers (out)  | -                | -                | -               | -                    | -                   | -                   | -                 |
| TOTAL OTHER FINANCING SOURCES (USES)                         | <u>-</u>         | <u>-</u>         | <u>-</u>        | <u>-</u>             | <u>150,000</u>      | <u>-</u>            | <u>150,000</u>    |
| NET CHANGE IN FUND BALANCES                                  | 45               | -                | -               | 6,145                | 25,508              | (2,000)             | 25,444            |
| FUND BALANCES (DEFICITS) - JANUARY 1                         | <u>12,141</u>    | <u>176</u>       | <u>2,000</u>    | <u>184,213</u>       | <u>-</u>            | <u>-</u>            | <u>217,418</u>    |
| FUND BALANCES (DEFICITS) - DECEMBER 31                       | <u>\$ 12,186</u> | <u>\$ 176</u>    | <u>\$ 2,000</u> | <u>\$ 190,358</u>    | <u>\$ 25,508</u>    | <u>\$ (2,000)</u>   | <u>\$ 242,862</u> |

See accompanying independent auditors' report and notes to financial statements.

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust fund.

## TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2016

|                                     | Airport         | Athletic<br>Field | Seawall<br>Reserve | Conservation<br>Commission | Fire Dept<br>Capital | Fish<br>Pier      | Gym<br>Building  | Harbor            |
|-------------------------------------|-----------------|-------------------|--------------------|----------------------------|----------------------|-------------------|------------------|-------------------|
| ASSETS                              |                 |                   |                    |                            |                      |                   |                  |                   |
| Cash and cash equivalents           | \$ 9,414        | \$ 10,344         | \$ 265,549         | \$ 4,539                   | \$ 125,711           | \$ 140,503        | \$ 25,629        | \$ 94,587         |
| Due from other funds                | -               | -                 | -                  | -                          | 2,977                | 27,628            | -                | 17,455            |
| Inventory                           | -               | -                 | -                  | -                          | -                    | 2,410             | -                | -                 |
| TOTAL ASSETS                        | <u>\$ 9,414</u> | <u>\$ 10,344</u>  | <u>\$ 265,549</u>  | <u>\$ 4,539</u>            | <u>\$ 128,688</u>    | <u>\$ 170,541</u> | <u>\$ 25,629</u> | <u>\$ 112,042</u> |
| LIABILITIES                         |                 |                   |                    |                            |                      |                   |                  |                   |
| Due to other funds                  | \$ 7,021        | \$ 5,576          | \$ 116,655         | \$ 74                      | \$ -                 | \$ -              | \$ 9,763         | \$ -              |
| TOTAL LIABILITIES                   | <u>7,021</u>    | <u>5,576</u>      | <u>116,655</u>     | <u>74</u>                  | <u>-</u>             | <u>-</u>          | <u>9,763</u>     | <u>-</u>          |
| FUND BALANCES                       |                 |                   |                    |                            |                      |                   |                  |                   |
| Nonspendable                        | -               | -                 | -                  | -                          | -                    | 2,410             | -                | -                 |
| Restricted                          | -               | -                 | -                  | -                          | -                    | -                 | -                | -                 |
| Committed                           | 2,393           | 4,768             | 148,894            | 4,465                      | 128,688              | 168,131           | 15,866           | 112,042           |
| Assigned                            | -               | -                 | -                  | -                          | -                    | -                 | -                | -                 |
| Unassigned                          | -               | -                 | -                  | -                          | -                    | -                 | -                | -                 |
| TOTAL FUND BALANCES                 | <u>2,393</u>    | <u>4,768</u>      | <u>148,894</u>     | <u>4,465</u>               | <u>128,688</u>       | <u>170,541</u>    | <u>15,866</u>    | <u>112,042</u>    |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 9,414</u> | <u>\$ 10,344</u>  | <u>\$ 265,549</u>  | <u>\$ 4,539</u>            | <u>\$ 128,688</u>    | <u>\$ 170,541</u> | <u>\$ 25,629</u> | <u>\$ 112,042</u> |

## TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2016

|                                     | Playground<br>Reserve | Rainy<br>Day<br>Reserve | Road<br>Equipment | School<br>Building | Shellfish        |
|-------------------------------------|-----------------------|-------------------------|-------------------|--------------------|------------------|
| ASSETS                              |                       |                         |                   |                    |                  |
| Cash and cash equivalents           | \$ 716                | \$ 15,581               | \$ 83,177         | \$ 45,284          | \$ 26,329        |
| Due from other funds                | 792                   | -                       | -                 | 12,226             | -                |
| Inventory                           | -                     | -                       | -                 | -                  | -                |
| TOTAL ASSETS                        | <u>\$ 1,508</u>       | <u>\$ 15,581</u>        | <u>\$ 83,177</u>  | <u>\$ 57,510</u>   | <u>\$ 26,329</u> |
| LIABILITIES                         |                       |                         |                   |                    |                  |
| Due to other funds                  | \$ -                  | \$ -                    | \$ -              | \$ -               | \$ 1,405         |
| TOTAL LIABILITIES                   | <u>-</u>              | <u>-</u>                | <u>-</u>          | <u>-</u>           | <u>1,405</u>     |
| FUND BALANCES                       |                       |                         |                   |                    |                  |
| Nonspendable                        | -                     | -                       | -                 | -                  | -                |
| Restricted                          | -                     | -                       | -                 | -                  | -                |
| Committed                           | 1,508                 | 15,581                  | 83,177            | 57,510             | 24,924           |
| Assigned                            | -                     | -                       | -                 | -                  | -                |
| Unassigned                          | -                     | -                       | -                 | -                  | -                |
| TOTAL FUND BALANCES                 | <u>1,508</u>          | <u>15,581</u>           | <u>83,177</u>     | <u>57,510</u>      | <u>24,924</u>    |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 1,508</u>       | <u>\$ 15,581</u>        | <u>\$ 83,177</u>  | <u>\$ 57,510</u>   | <u>\$ 26,329</u> |

## TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2016

|                                     | Swimming<br>Pool | Town<br>Hall     | Harbor<br>Float  | Transfer<br>Station | Unemploy<br>Fund | Total             |
|-------------------------------------|------------------|------------------|------------------|---------------------|------------------|-------------------|
| ASSETS                              |                  |                  |                  |                     |                  |                   |
| Cash and cash equivalents           | \$ 1,831         | \$ 22,874        | \$ 15,818        | \$ 29,948           | \$ 12,621        | \$ 930,455        |
| Due from other funds                | -                | -                | -                | -                   | -                | 61,078            |
| Inventory                           | -                | -                | -                | -                   | -                | 2,410             |
| TOTAL ASSETS                        | <u>\$ 1,831</u>  | <u>\$ 22,874</u> | <u>\$ 15,818</u> | <u>\$ 29,948</u>    | <u>\$ 12,621</u> | <u>\$ 993,943</u> |
| LIABILITIES                         |                  |                  |                  |                     |                  |                   |
| Due to other funds                  | \$ -             | \$ 4,195         | \$ -             | \$ 6,620            | \$ 12,325        | \$ 163,634        |
| TOTAL LIABILITIES                   | <u>-</u>         | <u>4,195</u>     | <u>-</u>         | <u>6,620</u>        | <u>12,325</u>    | <u>163,634</u>    |
| FUND BALANCES                       |                  |                  |                  |                     |                  |                   |
| Nonspendable                        | -                | -                | -                | -                   | -                | 2,410             |
| Restricted                          | -                | -                | -                | -                   | -                | -                 |
| Committed                           | 1,831            | 18,679           | 15,818           | 23,328              | 296              | 827,899           |
| Assigned                            | -                | -                | -                | -                   | -                | -                 |
| Unassigned                          | -                | -                | -                | -                   | -                | -                 |
| TOTAL FUND BALANCES                 | <u>1,831</u>     | <u>18,679</u>    | <u>15,818</u>    | <u>23,328</u>       | <u>296</u>       | <u>830,309</u>    |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 1,831</u>  | <u>\$ 22,874</u> | <u>\$ 15,818</u> | <u>\$ 29,948</u>    | <u>\$ 12,621</u> | <u>\$ 993,943</u> |

See accompanying independent auditors' report and notes to financial statements.



## TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

|  | <u>Airport</u>   | <u>Athletic<br/>Field</u> | <u>Seawall<br/>Reserve</u> | <u>Conservation<br/>Commission</u> | <u>Fire Dept<br/>Capital</u> | <u>Fish<br/>Pier</u> | <u>Gym<br/>Building</u> | <u>Harbor</u>     |
|--|------------------|---------------------------|----------------------------|------------------------------------|------------------------------|----------------------|-------------------------|-------------------|
| REVENUES   |                  |                           |                            |                                    |                              |                      |                         |                   |
| Charges for services   | \$ 851           | \$ -                      | \$ -                       | \$ -                               | \$ -                         | \$ 704,618           | \$ 6,000                | \$ 78,479         |
| Investment income  | 40               | 19                        | 1,221                      | 22                                 | 626                          | 292                  | 95                      | 245               |
| Other income   | 40,460           | -                         | 178,271                    | -                                  | 10                           | 7,625                | -                       | 500               |
| TOTAL REVENUES   | <u>41,351</u>    | <u>19</u>                 | <u>179,492</u>             | <u>22</u>                          | <u>636</u>                   | <u>712,535</u>       | <u>6,095</u>            | <u>79,224</u>     |
| EXPENDITURES   |                  |                           |                            |                                    |                              |                      |                         |                   |
| Capital outlay   | 145,590          | -                         | 444,525                    | -                                  | -                            | -                    | 12,031                  | 18,483            |
| Debt service   | -                | -                         | -                          | -                                  | -                            | -                    | -                       | -                 |
| Other  | 2,742            | 6,040                     | -                          | 75                                 | -                            | 682,132              | 3,733                   | 43,041            |
| TOTAL EXPENDITURES   | <u>148,332</u>   | <u>6,040</u>              | <u>444,525</u>             | <u>75</u>                          | <u>-</u>                     | <u>682,132</u>       | <u>15,764</u>           | <u>61,524</u>     |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | <u>(106,981)</u> | <u>(6,021)</u>            | <u>(265,033)</u>           | <u>(53)</u>                        | <u>636</u>                   | <u>30,403</u>        | <u>(9,669)</u>          | <u>17,700</u>     |
| OTHER FINANCING SOURCES (USES)                               |                  |                           |                            |                                    |                              |                      |                         |                   |
| Transfers in   | 100,000          | 465                       | 183,000                    | 100                                | 12,894                       | -                    | 15,000                  | -                 |
| Transfers (out)  | -                | -                         | -                          | -                                  | -                            | -                    | -                       | -                 |
| TOTAL OTHER FINANCING SOURCES (USES)                         | <u>100,000</u>   | <u>465</u>                | <u>183,000</u>             | <u>100</u>                         | <u>12,894</u>                | <u>-</u>             | <u>15,000</u>           | <u>-</u>          |
| NET CHANGE IN FUND BALANCES                                  | (6,981)          | (5,556)                   | (82,033)                   | 47                                 | 13,530                       | 30,403               | 5,331                   | 17,700            |
| FUND BALANCES - JANUARY 1                                    | <u>9,374</u>     | <u>10,324</u>             | <u>230,927</u>             | <u>4,418</u>                       | <u>115,158</u>               | <u>140,138</u>       | <u>10,535</u>           | <u>94,342</u>     |
| FUND BALANCES - DECEMBER 31                                  | <u>\$ 2,393</u>  | <u>\$ 4,768</u>           | <u>\$ 148,894</u>          | <u>\$ 4,465</u>                    | <u>\$ 128,688</u>            | <u>\$ 170,541</u>    | <u>\$ 15,866</u>        | <u>\$ 112,042</u> |

## TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

|  | Playground<br>Reserve | Rainy<br>Day<br>Reserve | Road<br>Equipment | School<br>Building | Shellfish        |
|--|-----------------------|-------------------------|-------------------|--------------------|------------------|
| REVENUES   |                       |                         |                   |                    |                  |
| Charges for services   | \$ -                  | \$ -                    | \$ -              | \$ 43,858          | \$ 17,810        |
| Investment income  | 7                     | 75                      | 334               | 157                | 126              |
| Other income   | -                     | -                       | -                 | -                  | -                |
| TOTAL REVENUES   | <u>7</u>              | <u>75</u>               | <u>334</u>        | <u>44,015</u>      | <u>17,936</u>    |
| EXPENDITURES   |                       |                         |                   |                    |                  |
| Capital outlay   | -                     | -                       | -                 | -                  | -                |
| Debt service   | -                     | -                       | -                 | 4,223              | -                |
| Other  | -                     | -                       | -                 | 27,408             | 19,215           |
| TOTAL EXPENDITURES   | <u>-</u>              | <u>-</u>                | <u>-</u>          | <u>31,631</u>      | <u>19,215</u>    |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | <u>7</u>              | <u>75</u>               | <u>334</u>        | <u>12,384</u>      | <u>(1,279)</u>   |
| OTHER FINANCING SOURCES (USES)                               |                       |                         |                   |                    |                  |
| Transfers in   | 792                   | -                       | 40,000            | 1,000              | 500              |
| Transfers (out)  | -                     | -                       | -                 | -                  | -                |
| TOTAL OTHER FINANCING SOURCES (USES)                         | <u>792</u>            | <u>-</u>                | <u>40,000</u>     | <u>1,000</u>       | <u>500</u>       |
| NET CHANGE IN FUND BALANCES                                  | 799                   | 75                      | 40,334            | 13,384             | (779)            |
| FUND BALANCES - JANUARY 1                                    | <u>709</u>            | <u>15,506</u>           | <u>42,843</u>     | <u>44,126</u>      | <u>25,703</u>    |
| FUND BALANCES - DECEMBER 31                                  | <u>\$ 1,508</u>       | <u>\$ 15,581</u>        | <u>\$ 83,177</u>  | <u>\$ 57,510</u>   | <u>\$ 24,924</u> |

## TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

|  | Swimming<br>Pool | Town<br>Hall     | Harbor<br>Float  | Transfer<br>Station | Unemploy<br>Fund | Total             |
|--|------------------|------------------|------------------|---------------------|------------------|-------------------|
| REVENUES   |                  |                  |                  |                     |                  |                   |
| Charges for services   | \$ -             | \$ -             | \$ -             | \$ -                | \$ -             | \$ 851,616        |
| Investment income  | 9                | 103              | 73               | 125                 | 53               | 3,622             |
| Other income   | -                | -                | -                | -                   | -                | 226,866           |
| TOTAL REVENUES   | <u>9</u>         | <u>103</u>       | <u>73</u>        | <u>125</u>          | <u>53</u>        | <u>1,082,104</u>  |
| EXPENDITURES   |                  |                  |                  |                     |                  |                   |
| Capital outlay   | -                | 4,194            | -                | 6,620               | -                | 631,443           |
| Debt service   | -                | -                | -                | -                   | -                | 4,223             |
| Other  | -                | -                | -                | -                   | 3,808            | 788,194           |
| TOTAL EXPENDITURES   | <u>-</u>         | <u>4,194</u>     | <u>-</u>         | <u>6,620</u>        | <u>3,808</u>     | <u>1,423,860</u>  |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | <u>9</u>         | <u>(4,091)</u>   | <u>73</u>        | <u>(6,495)</u>      | <u>(3,755)</u>   | <u>(341,756)</u>  |
| OTHER FINANCING SOURCES (USES)                               |                  |                  |                  |                     |                  |                   |
| Transfers in   |                  | 4,000            | 1,000            | 10,000              | 2,500            | 371,251           |
| Transfers (out)  | -                | -                | -                | -                   | -                | -                 |
| TOTAL OTHER FINANCING SOURCES (USES)                         | <u>-</u>         | <u>4,000</u>     | <u>1,000</u>     | <u>10,000</u>       | <u>2,500</u>     | <u>371,251</u>    |
| NET CHANGE IN FUND BALANCES                                  | 9                | (91)             | 1,073            | 3,505               | (1,255)          | 29,495            |
| FUND BALANCES - JANUARY 1                                    | <u>1,822</u>     | <u>18,770</u>    | <u>14,745</u>    | <u>19,823</u>       | <u>1,551</u>     | <u>800,814</u>    |
| FUND BALANCES - DECEMBER 31                                  | <u>\$ 1,831</u>  | <u>\$ 18,679</u> | <u>\$ 15,818</u> | <u>\$ 23,328</u>    | <u>\$ 296</u>    | <u>\$ 830,309</u> |

See accompanying independent auditors' report and notes to financial statements.

### Permanent Funds

Permanent funds are used to account for assets held by the Town of Stonington, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries.

## TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2016

|                                     | Cemetery<br>Fund | Bartlett/<br>McDonald | Total            |
|-------------------------------------|------------------|-----------------------|------------------|
| ASSETS                              |                  |                       |                  |
| Cash and cash equivalents           | \$ 59,084        | \$ 1,354              | \$ 60,438        |
| TOTAL ASSETS                        | <u>\$ 59,084</u> | <u>\$ 1,354</u>       | <u>\$ 60,438</u> |
| LIABILITIES                         |                  |                       |                  |
| Due to other funds                  | \$ 449           | \$ -                  | \$ 449           |
| TOTAL LIABILITIES                   | <u>449</u>       | <u>-</u>              | <u>449</u>       |
| FUND BALANCES                       |                  |                       |                  |
| Nonspendable                        | -                | -                     | -                |
| Restricted                          | 58,635           | 1,354                 | 59,989           |
| Committed                           | -                | -                     | -                |
| Assigned                            | -                | -                     | -                |
| Unassigned                          | -                | -                     | -                |
| TOTAL FUND BALANCES                 | <u>58,635</u>    | <u>1,354</u>          | <u>59,989</u>    |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 59,084</u> | <u>\$ 1,354</u>       | <u>\$ 60,438</u> |

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF STONINGTON, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND  
BALANCES - NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

|  | Cemetery<br>Fund | Bartlett/<br>McDonald | Total            |
|--|------------------|-----------------------|------------------|
| REVENUES   |                  |                       |                  |
| Investment income  | \$ 283           | \$ 6                  | \$ 289           |
| TOTAL REVENUES   | <u>283</u>       | <u>6</u>              | <u>289</u>       |
| EXPENDITURES   |                  |                       |                  |
| Other  | -                | -                     | -                |
| TOTAL EXPENDITURES   | <u>-</u>         | <u>-</u>              | <u>-</u>         |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | <u>283</u>       | <u>6</u>              | <u>289</u>       |
| OTHER FINANCING SOURCES (USES)                               |                  |                       |                  |
| Transfers in   | -                | -                     | -                |
| Transfers (out)  | -                | -                     | -                |
| TOTAL OTHER FINANCING SOURCES (USES)                         | <u>-</u>         | <u>-</u>              | <u>-</u>         |
| NET CHANGE IN FUND BALANCES                                  | 283              | 6                     | 289              |
| FUND BALANCES - JANUARY 1                                    | <u>58,352</u>    | <u>1,348</u>          | <u>59,700</u>    |
| FUND BALANCES - DECEMBER 31                                  | <u>\$ 58,635</u> | <u>\$ 1,354</u>       | <u>\$ 59,989</u> |

See accompanying independent auditors' report and notes to financial statements.

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

## TOWN OF STONINGTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
DECEMBER 31, 2016

|                                | Land and<br>Construction in<br>Progress | Buildings,<br>Building<br>Improvements,<br>Land<br>Improvements | Water Mains,<br>Machinery &<br>Equipment,<br>Furniture/Fixtures,<br>Vehicles | Infrastructure           | Total                      |
|--------------------------------|---|---|--|--------------------------|----------------------------|
| Administration                 | \$ 148,800                              | \$ 493,911  | \$ -   | \$ -                     | \$ 642,711                 |
| Public safety                  | 385,500                                 | 93,400  | 599,020  | -                        | 1,077,920                  |
| Public works                   | 81,400                                  | 633,060   | 536,310  | 317,045                  | 1,567,815                  |
| Water department               | 1,054,098                               | 7,469   | 1,808,543  | -                        | 2,870,110                  |
| Health and sanitation          | -                                       | 190,600   | 37,200   | -                        | 227,800                    |
| Town-wide                      | <u>5,320,800</u>                        | <u>1,154,398</u>  | <u>212,443</u>   | <u>675,692</u>           | <u>7,363,333</u>           |
| Total General Capital Assets   | <u>6,990,598</u>                        | <u>2,572,838</u>  | <u>3,193,516</u>   | <u>992,737</u>           | <u>13,749,689</u>          |
| Less: Accumulated Depreciation | <u>-</u>                                | <u>(1,916,594)</u>  | <u>(2,018,826)</u>   | <u>(44,884)</u>          | <u>(3,980,304)</u>         |
| Net General Capital Assets     | <u><u>\$ 6,990,598</u></u>              | <u><u>\$ 656,244</u></u>  | <u><u>\$ 1,174,690</u></u>   | <u><u>\$ 947,853</u></u> | <u><u>\$ 9,769,385</u></u> |

See accompanying independent auditors' report and notes to financial statements.



## TOWN OF STONINGTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2016

|                                    | General<br>Capital<br>Assets<br>1/1/16 | Additions                    | Deletions              | General<br>Capital<br>Assets<br>12/31/16 |
|------------------------------------|--|------------------------------|------------------------|--|
| Administration                     | \$ 642,711                             | \$ -                         | \$ -                   | \$ 642,711                               |
| Public safety                      | 1,077,920                              | -                            | -                      | 1,077,920                                |
| Public works                       | 1,567,815                              | -                            | -                      | 1,567,815                                |
| Water department                   | 2,525,686                              | 344,424                      | -                      | 2,870,110                                |
| Health and sanitation              | 227,800                                | -                            | -                      | 227,800                                  |
| Town-wide                          | <u>6,603,918</u>                       | <u>759,415</u>               | <u>-</u>               | <u>7,363,333</u>                         |
| <br>Total General Capital Assets   | <br><u>12,645,850</u>                  | <br><u>1,103,839</u>         | <br><u>-</u>           | <br><u>13,749,689</u>                    |
| <br>Less: Accumulated Depreciation | <br><u>(3,801,823)</u>                 | <br><u>(178,481)</u>         | <br><u>-</u>           | <br><u>(3,980,304)</u>                   |
| <br>Net General Capital Assets     | <br><u><u>\$ 8,844,027</u></u>         | <br><u><u>\$ 925,358</u></u> | <br><u><u>\$ -</u></u> | <br><u><u>\$ 9,769,385</u></u>           |

See accompanying independent auditors' report and notes to financial statements.



*Proven Expertise and Integrity*

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

Board of Selectmen  
Town of Stonington, Maine  
Stonington, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stonington, Maine as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town of Stonington, Maine's basic financial statements, and have issued our report thereon dated July 21, 2017.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
July 21, 2017