

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,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<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,**

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
<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	5,206,344	5,024,250	535,453	221,681
<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	4,295,633	4,347,796	267,483	225,694
Change in Net Position	910,711	676,454	267,970	(4,013)
Net Position - January 1	9,705,769	9,029,315	838,650	842,663
Net Position - December 31	\$ 10,616,480	\$ 9,705,769	\$ 1,106,620	\$ 838,650

## 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,**

	2016	2015
Major Funds:		
General Fund:		
Committed	\$ 60,000	\$ -
Unassigned	1,524,464	1,391,324
Total Major Funds	\$ 1,584,464	\$ 1,391,324
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	\$ 1,133,160	\$ 1,077,932

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,**

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

## **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 Activities	Business- type 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 in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business - type Activities	Total
<b>Governmental activities:</b>							
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)
<b>Total governmental activities</b>	<b>4,295,633</b>	<b>932,216</b>	<b>18,956</b>	<b>-</b>	<b>(3,344,461)</b>	<b>-</b>	<b>(3,344,461)</b>
<b>Business-type activities:</b>							
Water department	267,483	193,437	334,646	-	-	260,600	260,600
<b>Total business-type activities</b>	<b>267,483</b>	<b>193,437</b>	<b>334,646</b>	<b>-</b>	<b>-</b>	<b>260,600</b>	<b>260,600</b>
<b>Total government</b>	<b>\$ 4,563,116</b>	<b>\$ 1,125,653</b>	<b>\$ 353,602</b>	<b>\$ -</b>	<b>(3,344,461)</b>	<b>260,600</b>	<b>(3,083,861)</b>

\* 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 Activities	Business-type 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 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 Fund	Nonmajor Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,603,418	\$ 1,126,556	\$ 2,729,974
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	-	14,769
Inventory	-	2,410	2,410
Prepaid items	19,844	-	19,844
Due from other funds	166,754	119,156	285,910
<b>TOTAL ASSETS</b>	<u><u>\$ 2,023,400</u></u>	<u><u>\$ 1,299,914</u></u>	<u><u>\$ 3,323,314</u></u>
<b>LIABILITIES</b>			
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
<b>TOTAL LIABILITIES</b>	<u><u>258,950</u></u>	<u><u>166,754</u></u>	<u><u>425,704</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	2,486	-	2,486
Deferred revenue	177,500	-	177,500
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>179,986</u></u>	<u><u>-</u></u>	<u><u>179,986</u></u>
<b>FUND BALANCES</b>			
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
<b>TOTAL FUND BALANCES</b>	<u><u>1,584,464</u></u>	<u><u>1,133,160</u></u>	<u><u>2,717,624</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 2,023,400</u></u>	<u><u>\$ 1,299,914</u></u>	<u><u>\$ 3,323,314</u></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 Governmental Funds
Total Fund Balances	\$ 2,717,624
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and 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 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 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	\$ 10,616,480

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 Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>			
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
<b>TOTAL REVENUES</b>	<b>4,061,250</b>	<b>1,140,094</b>	<b>5,201,344</b>
<b>EXPENDITURES</b>			
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
<b>TOTAL EXPENDITURES</b>	<b>3,346,859</b>	<b>1,606,117</b>	<b>4,952,976</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>714,391</b>	<b>(466,023)</b>	<b>248,368</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	521,251	521,251
Transfers (out)	(521,251)	-	(521,251)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(521,251)</b>	<b>521,251</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>193,140</b>	<b>55,228</b>	<b>248,368</b>
<b>FUND BALANCES - JANUARY 1</b>	<b>1,391,324</b>	<b>1,077,932</b>	<b>2,469,256</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 1,584,464</b>	<b>\$ 1,133,160</b>	<b>\$ 2,717,624</b>

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

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

## TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2016

	<u>Enterprise Fund</u> <u>Water</u> <u>Department</u>
<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>\$ 1,902,386</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>\$ 1,902,386</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 Water Department
OPERATING REVENUES	
Charges for services	\$ 193,437
Other income	7,314
TOTAL OPERATING REVENUES	200,751
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	247,612
OPERATING INCOME (LOSS)	(46,861)
NONOPERATING REVENUES (EXPENSES)	
Project cost contributions	334,646
Interest income	56
Interest expense	(19,871)
TOTAL NONOPERATING REVENUES (EXPENSES)	314,831
CHANGE IN NET POSITION	267,970
NET POSITION - JANUARY 1	838,650
NET POSITION - DECEMBER 31	\$ 1,106,620

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

	Enterprise Fund Water Department
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	56
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 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:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
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:

	<u>Balance 1/1/16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/16</u>
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	<u>\$ 5,786,500</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 5,936,500</u>
	5,786,500	150,000	-	5,936,500
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	<u>(2,807,409)</u>	<u>(149,338)</u>	<u>-</u>	<u>(2,956,747)</u>
	1,526,255	460,077	-	1,986,332
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 1/1/16	Additions	Disposals	Balance 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 1/1/16	Additions	Reductions	Balance 12/31/16	Current 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:

<u>Governmental Activities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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>
<u>Business-type Activities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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 <u>December 31,</u> 2017	\$ 2,728
Total minimum lease payment	<u>2,728</u>
Less amount representing interest	(55)
Present value of future minimum lease payments	<u><u>\$ 2,673</u></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><u>\$ 2,410</u></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)	<u>59,989</u>
	<u><u>\$ 293,152</u></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)	<u>827,899</u>
	<u><u>\$ 900,261</u></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 Debt</u>	<u>Town's Percentage</u>	<u>Total 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 Positive (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 Adjustments	Total Available	Expenditures	Variance 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	<u>340,743</u>	<u>-</u>	<u>340,743</u>	<u>316,448</u>	<u>24,295</u>
<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	<u>209,088</u>	<u>(2,894)</u>	<u>206,194</u>	<u>197,081</u>	<u>9,113</u>
<b>HEALTH AND SANITATION</b>					
Transfer station	263,000	-	263,000	248,161	14,839
Total	<u>263,000</u>	<u>-</u>	<u>263,000</u>	<u>248,161</u>	<u>14,839</u>

TOWN OF STONINGTON, MAINE

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

	Appropriations	Budget Adjustments	Total Available	Expenditures	Variance 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	<u>467,500</u>	<u>-</u>	<u>467,500</u>	<u>359,564</u>	<u>107,936</u>
<b>SPECIAL ASSESSMENTS</b>					
School	1,900,888	-	1,900,888	1,900,888	-
County tax	114,534	-	114,534	114,534	-
Total	<u>2,015,422</u>	<u>-</u>	<u>2,015,422</u>	<u>2,015,422</u>	<u>-</u>
<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	<u>17,321</u>	<u>-</u>	<u>17,321</u>	<u>16,118</u>	<u>1,203</u>
<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	<u>12,500</u>	<u>(1,257)</u>	<u>11,243</u>	<u>11,408</u>	<u>(165)</u>

TOWN OF STONINGTON, MAINE

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

	Appropriations	Budget Adjustments	Total Available	Expenditures	Variance 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 (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 Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<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 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.

## 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 Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental 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 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 Grant	Lobster Working Group	Bayview Street Repair	Community Center Generator	Urgent Need Grant
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	15,297	-	-	-	-
Loans receivable	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 15,297</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 663	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>663</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	15,297	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(663)	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>15,297</b>	<b>-</b>	<b>-</b>	<b>(663)</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 15,297</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



TOWN OF STONINGTON, MAINE

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

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

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 Fund	Genesis Study	MCF Housing	Microloan Program	Ralston Property	MMA Safety 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 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 Field	Seawall Reserve	Conservation Commission	Fire Dept Capital	Fish Pier	Gym Building	Harbor
<b>ASSETS</b>								
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	-	-
<b>TOTAL ASSETS</b>	<b>\$ 9,414</b>	<b>\$ 10,344</b>	<b>\$ 265,549</b>	<b>\$ 4,539</b>	<b>\$ 128,688</b>	<b>\$ 170,541</b>	<b>\$ 25,629</b>	<b>\$ 112,042</b>
<b>LIABILITIES</b>								
Due to other funds	\$ 7,021	\$ 5,576	\$ 116,655	\$ 74	\$ -	\$ -	\$ 9,763	\$ -
<b>TOTAL LIABILITIES</b>	<b>7,021</b>	<b>5,576</b>	<b>116,655</b>	<b>74</b>	<b>-</b>	<b>-</b>	<b>9,763</b>	<b>-</b>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	2,410	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	2,393	4,768	148,894	4,465	128,688	168,131	15,866	112,042
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>2,393</b>	<b>4,768</b>	<b>148,894</b>	<b>4,465</b>	<b>128,688</b>	<b>170,541</b>	<b>15,866</b>	<b>112,042</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,414</b>	<b>\$ 10,344</b>	<b>\$ 265,549</b>	<b>\$ 4,539</b>	<b>\$ 128,688</b>	<b>\$ 170,541</b>	<b>\$ 25,629</b>	<b>\$ 112,042</b>

TOWN OF STONINGTON, MAINE

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

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

TOWN OF STONINGTON, MAINE

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

	Swimming Pool	Town Hall	Harbor Float	Transfer Station	Unemploy Fund	Total
<b>ASSETS</b>						
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
<b>TOTAL ASSETS</b>	<u>\$ 1,831</u>	<u>\$ 22,874</u>	<u>\$ 15,818</u>	<u>\$ 29,948</u>	<u>\$ 12,621</u>	<u>\$ 993,943</u>
<b>LIABILITIES</b>						
Due to other funds	-	\$ 4,195	-	\$ 6,620	\$ 12,325	\$ 163,634
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>4,195</u>	<u>-</u>	<u>6,620</u>	<u>12,325</u>	<u>163,634</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	2,410
Restricted	-	-	-	-	-	-
Committed	1,831	18,679	15,818	23,328	296	827,899
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>1,831</u>	<u>18,679</u>	<u>15,818</u>	<u>23,328</u>	<u>296</u>	<u>830,309</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<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 Field</u>	<u>Seawall Reserve</u>	<u>Conservation Commission</u>	<u>Fire Dept Capital</u>	<u>Fish Pier</u>	<u>Gym 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 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

	<u>Playground Reserve</u>	<u>Rainy Day Reserve</u>	<u>Road Equipment</u>	<u>School Building</u>	<u>Shellfish</u>
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 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>

SCHEDULE G (CONTINUED)

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

	<u>Cemetery Fund</u>	<u>Bartlett/ McDonald</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 59,084</u>	<u>\$ 1,354</u>	<u>\$ 60,438</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 59,084</u></u>	<u><u>\$ 1,354</u></u>	<u><u>\$ 60,438</u></u>
<b>LIABILITIES</b>			
Due to other funds	<u>\$ 449</u>	<u>\$ -</u>	<u>\$ 449</u>
<b>TOTAL LIABILITIES</b>	<u>449</u>	<u>-</u>	<u>449</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	58,635	1,354	59,989
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>58,635</u>	<u>1,354</u>	<u>59,989</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 59,084</u></u>	<u><u>\$ 1,354</u></u>	<u><u>\$ 60,438</u></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 Fund	Bartlett/ 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 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 Construction in Progress	Buildings, Building Improvements, Land Improvements	Water Mains, Machinery & Equipment, Furniture/Fixtures, 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 Capital Assets <u>1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	General Capital Assets <u>12/31/16</u>
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>
 Total General Capital Assets	 <u>12,645,850</u>	 <u>1,103,839</u>	 <u>-</u>	 <u>13,749,689</u>
 Less: Accumulated Depreciation	 <u>(3,801,823)</u>	 <u>(178,481)</u>	 <u>-</u>	 <u>(3,980,304)</u>
 Net General Capital Assets	 <u><u>\$ 8,844,027</u></u>	 <u><u>\$ 925,358</u></u>	 <u><u>\$ -</u></u>	 <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