

Audited Financial Statements and
Other Supplemental Information

Town of Stonington, Maine

December 31, 2017



Proven Expertise and Integrity

TOWN OF STONINGTON, MAINE

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Stonington, Maine
Stonington, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Stonington, Maine, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town of Stonington, Maine'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,

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we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Maine as of December 31, 2017, 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, 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 expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR)

Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards 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, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards 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 12, 2018, 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, Maine’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "RHR Smith & Company".

Buxton, Maine
July 12, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

(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, 2017. 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 \$11,473,254 compared to \$10,616,480 in the prior year, an increase of

\$856,774. For the business-type activities total net position is \$2,153,559 as compared to \$1,106,620 in the prior year, an increase of \$1,046,939.

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 \$2,782,072 at the end of this year for governmental activities, an increase of \$185,545. The business-type activities unrestricted net position is \$281,216, an increase of \$275,073.

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

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Assets				
Current and other assets	\$ 3,460,925	\$ 3,037,404	\$ 283,626	\$ 55,833
Capital Assets	8,603,477	7,922,832	3,068,786	1,846,553
Total Assets	<u>12,064,402</u>	<u>10,960,236</u>	<u>3,352,412</u>	<u>1,902,386</u>
Liabilities				
Current Liabilities	431,713	182,571	338,924	60,901
Long-term Debt Outstanding	138,031	158,699	859,929	734,865
Total Liabilities	<u>569,744</u>	<u>341,270</u>	<u>1,198,853</u>	<u>795,766</u>
Deferred Inflows of Resources				
Prepaid Taxes	21,404	2,486	-	-
Total Deferred Inflows of Resources	<u>21,404</u>	<u>2,486</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	8,406,529	7,726,801	1,872,343	1,100,477
Restricted	284,653	293,152	-	-
Unrestricted	2,782,072	2,596,527	281,216	6,143
Total Net Position	<u>\$ 11,473,254</u>	<u>\$ 10,616,480</u>	<u>\$ 2,153,559</u>	<u>\$ 1,106,620</u>

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

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 929,762	\$ 932,216	\$ 198,273	\$ 193,437
Operating grants and contributions	19,260	18,956	1,104,540	334,646
<i>General revenues:</i>				
Property taxes	3,414,989	3,594,400	-	-
Excise taxes	259,782	259,695	-	-
Grants and contributions not restricted to specific programs	305,571	62,921	-	-
Investment income, net	10,713	14,093	85	56
Other revenue	97,214	324,063	10,081	7,314
Total Revenues	5,037,291	5,206,344	1,312,979	535,453
Expenses				
General government	333,161	325,667	-	-
Public safety	232,188	227,514	-	-
Health and sanitation	268,754	248,461	-	-
Public works	455,547	442,693	-	-
Special assessments	1,887,882	2,015,422	-	-
Social services	9,875	16,118	-	-
Culture and recreation	16,438	11,408	-	-
Unclassified	786,073	919,185	247,888	247,612
Capital outlay	22,154	31,143	-	-
Depreciation	85,050	26,807	-	-
Interest on long-term debt	83,395	31,215	18,152	19,871
Total Expenses	4,180,517	4,295,633	266,040	267,483
Change in Net Position	856,774	910,711	1,046,939	267,970
Net Position - January 1	10,616,480	9,705,769	1,106,620	838,650
Net Position - December 31	\$ 11,473,254	\$ 10,616,480	\$ 2,153,559	\$ 1,106,620

Revenues and Expenses

Revenues for the Town's governmental activities decreased by \$169,053, while total expenses decreased by \$115,116. The largest decrease 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 unclassified.

Revenues for the proprietary fund increased by \$777,526 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,

	2017	2016
Major Funds:		
General Fund:		
Committed	\$ -	\$ 60,000
Unassigned	1,912,282	1,524,464
Total Major Funds	\$ 1,912,282	\$ 1,584,464
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 224,372	\$ 233,163
Committed	12,122	12,362
Unassigned	(663)	(2,663)
Capital Projects Funds:		
Nonspendable	12,935	2,410
Committed	965,297	827,899
Permanent Funds:		
Restricted	60,281	59,989
Total Nonmajor Funds	\$ 1,272,493	\$ 1,133,160

The general fund total fund balance increased by \$327,818 over the prior fiscal year. Nonmajor funds total fund balances increased by \$139,333 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 \$399,794. All revenue categories exceeded budget with the exception of transfers from other funds.

The general fund actual expenditures were under the budget by \$333,024. All expenditures were within or under budget.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2017, the net book value of capital assets recorded by the Town increased by \$737,794. This increase is a result of the purchase of assets of \$1,972,957 less annual depreciation expense of \$235,165. 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,**

	2017	2016
Land and construction in progress	\$ 9,173,714	\$ 6,990,598
Buildings, building improvements and land improvements	820,961	656,244
Water mains, machinery and equipment	1,141,166	1,174,690
furniture/fixtures, vehicles	536,422	947,853
Infrastructure	536,422	947,853
Total	\$ 11,672,263	\$ 9,769,385

Debt

At December 31, 2017, the Town had \$196,948 in notes outstanding versus \$232,157 in the prior year. The Town also has \$1,138,328 in bonds and bond anticipation notes payable versus \$896,364 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 04681.

STATEMENT A

TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,161,169	\$ 23,587	\$ 3,184,756
Accounts receivable (net of allowance for uncollectibles):			
Taxes	134,585	-	134,585
Liens	49,061	-	49,061
Loans	47,129	-	47,129
Other	45,711	10,423	56,134
Due from other governments	10,335	249,616	259,951
Inventory	12,935	-	12,935
Total current assets	<u>3,460,925</u>	<u>283,626</u>	<u>3,744,551</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	6,868,239	2,305,475	9,173,714
Buildings and vehicles, net of accumulated depreciation	<u>1,735,238</u>	<u>763,311</u>	<u>2,498,549</u>
Total noncurrent assets	<u>8,603,477</u>	<u>3,068,786</u>	<u>11,672,263</u>
Total assets	<u>\$ 12,064,402</u>	<u>\$ 3,352,412</u>	<u>\$ 15,416,814</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 69,772	\$ 318,115	\$ 387,887
Payroll related liabilities	7,811	-	7,811
Other liabilities	24,228	2,410	26,638
Due to other governments	5,435	-	5,435
Current portion of long-term obligations	<u>324,467</u>	<u>18,399</u>	<u>342,866</u>
Total current liabilities	<u>431,713</u>	<u>338,924</u>	<u>770,637</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Notes payable	138,031	-	138,031
Bonds payable	-	859,929	859,929
Total noncurrent liabilities	<u>138,031</u>	<u>859,929</u>	<u>997,960</u>
Total liabilities	<u>569,744</u>	<u>1,198,853</u>	<u>1,768,597</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	<u>21,404</u>	-	21,404
Total deferred inflows of resources	<u>21,404</u>	-	<u>21,404</u>
NET POSITION			
Net investment in capital assets	8,406,529	1,872,343	10,278,872
Restricted	284,653	-	284,653
Unrestricted	<u>2,782,072</u>	<u>281,216</u>	<u>3,063,288</u>
Total net position	<u>11,473,254</u>	<u>2,153,559</u>	<u>13,626,813</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 12,064,402</u>	<u>\$ 3,352,412</u>	<u>\$ 15,416,814</u>

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

TOWN OF STONINGTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

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
Governmental activities:							
General government	\$ 333,161	\$ 30,404	\$ -	\$ -	\$ (302,757)	\$ -	\$ (302,757)
Public safety	232,188	-	-	-	(232,188)	-	(232,188)
Health and sanitation	268,754	40,510	-	-	(228,244)	-	(228,244)
Public works	455,547	11,395	19,260	-	(424,892)	-	(424,892)
Special assessments	1,887,882	-	-	-	(1,887,882)	-	(1,887,882)
Social services	9,875	-	-	-	(9,875)	-	(9,875)
Culture and recreation	16,438	-	-	-	(16,438)	-	(16,438)
Unclassified	786,073	847,453	-	-	61,380	-	61,380
Capital outlay	22,154	-	-	-	(22,154)	-	(22,154)
Unallocated depreciation (Note 4)*	85,050	-	-	-	(85,050)	-	(85,050)
Interest on long term debt	83,395	-	-	-	(83,395)	-	(83,395)
Total governmental activities	<u>4,180,517</u>	<u>929,762</u>	<u>19,260</u>	<u>-</u>	<u>(3,231,495)</u>	<u>-</u>	<u>(3,231,495)</u>
Business-type activities:							
Water department	<u>266,040</u>	<u>198,273</u>	<u>1,104,540</u>	<u>-</u>	<u>-</u>	<u>1,036,773</u>	<u>1,036,773</u>
Total business-type activities	<u>266,040</u>	<u>198,273</u>	<u>1,104,540</u>	<u>-</u>	<u>-</u>	<u>1,036,773</u>	<u>1,036,773</u>
Total government	<u>\$ 4,446,557</u>	<u>\$ 1,128,035</u>	<u>\$ 1,123,800</u>	<u>\$ -</u>	<u>(3,231,495)</u>	<u>1,036,773</u>	<u>(2,194,722)</u>

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

STATEMENT B (CONTINUED)

TOWN OF STONINGTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes In net position:			
Net (expense) revenue	<u>(3,231,495)</u>	<u>1,036,773</u>	<u>(2,194,722)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	3,414,989	-	3,414,989
Excise taxes	259,782	-	259,782
Grants and contributions not restricted to specific programs	305,571	-	305,571
Investment income, net	10,713	85	10,798
Other income	97,214	10,081	107,295
Total general revenues	<u>4,088,269</u>	<u>10,166</u>	<u>4,098,435</u>
Change in net position	856,774	1,046,939	1,903,713
Net position - January 1	<u>10,616,480</u>	<u>1,106,620</u>	<u>11,723,100</u>
Net position - December 31	<u><u>\$ 11,473,254</u></u>	<u><u>\$ 2,153,559</u></u>	<u><u>\$ 13,626,813</u></u>

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

TOWN OF STONINGTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,676,069	\$ 1,485,100	\$ 3,161,169
Accounts receivable (net of allowance for uncollectibles):			
Taxes	134,585	-	134,585
Liens	49,061	-	49,061
Loans	-	47,129	47,129
Due from other governments	10,335	-	10,335
Other	5,831	39,880	45,711
Inventory	-	12,935	12,935
Due from other funds	436,581	143,253	579,834
TOTAL ASSETS	<u>\$ 2,312,462</u>	<u>\$ 1,728,297</u>	<u>\$ 4,040,759</u>
LIABILITIES			
Accounts payable	\$ 69,772	\$ -	\$ 69,772
Payroll related liabilities	7,811	-	7,811
Other payables	5,005	19,223	24,228
Due to other funds	143,253	436,581	579,834
Due to other governments	5,435	-	5,435
TOTAL LIABILITIES	<u>231,276</u>	<u>455,804</u>	<u>687,080</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	21,404	-	21,404
Deferred revenue	147,500	-	147,500
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>168,904</u>	<u>-</u>	<u>168,904</u>
FUND BALANCES			
Nonspendable	-	12,935	12,935
Restricted	-	284,653	284,653
Committed	-	977,419	977,419
Unassigned	1,912,282	(2,514)	1,909,768
TOTAL FUND BALANCES	<u>1,912,282</u>	<u>1,272,493</u>	<u>3,184,775</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,312,462</u>	<u>\$ 1,728,297</u>	<u>\$ 4,040,759</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, 2017

	Total Governmental Funds
Total Fund Balances	\$ 3,184,775
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	8,603,477
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	147,500
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	(5,550)
Bond anticipation note payable	(260,000)
Notes payable	(196,948)
Net position of governmental activities	\$ 11,473,254

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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property Taxes	\$ 3,444,989	\$ -	\$ 3,444,989
Excise taxes	259,782	-	259,782
Intergovernmental	100,633	224,198	324,831
Charges for services	82,309	847,453	929,762
Interest/costs on liens	17,534	-	17,534
Investment income, net	3,762	6,951	10,713
Other income	33,965	45,715	79,680
TOTAL REVENUES	<u>3,942,974</u>	<u>1,124,317</u>	<u>5,067,291</u>
EXPENDITURES			
Current:			
General government	324,387	-	324,387
Public safety	201,755	-	201,755
Health and sanitation	268,754	-	268,754
Public works	373,678	-	373,678
Special assessments	1,887,882	-	1,887,882
Social services	9,875	-	9,875
Culture and recreation	16,438	-	16,438
Unclassified	108,047	784,081	892,128
Debt service	78,255	4,223	82,478
Capital outlay	-	802,765	802,765
TOTAL EXPENDITURES	<u>3,269,071</u>	<u>1,591,069</u>	<u>4,860,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>673,903</u>	<u>(466,752)</u>	<u>207,151</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from debt	-	260,000	260,000
Transfers in	-	489,020	489,020
Transfers (out)	(346,085)	(142,935)	(489,020)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(346,085)</u>	<u>606,085</u>	<u>260,000</u>
NET CHANGE IN FUND BALANCES	327,818	139,333	467,151
FUND BALANCES - JANUARY 1	<u>1,584,464</u>	<u>1,133,160</u>	<u>2,717,624</u>
FUND BALANCES - DECEMBER 31	<u>\$ 1,912,282</u>	<u>\$ 1,272,493</u>	<u>\$ 3,184,775</u>

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

TOWN OF STONINGTON, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total governmental funds (Statement E)	\$ 467,151
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset purchases capitalized	886,666
Depreciation expense	<u>(206,021)</u>
	<u>680,645</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(30,000)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(105)</u>
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.	<u>(917)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(260,000)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 856,774</u></u>

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

TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2017

	<u>Enterprise Fund</u> <u>Water</u> <u>Department</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 23,587
Due from other governments	249,616
Accounts receivable (net of allowance for uncollectibles)	10,423
Total current assets	<u>283,626</u>
Noncurrent assets:	
Construction in progress	2,238,808
Land, buildings, mains, and other water assets	1,536,938
Vehicles and equipment	345,741
Total capital assets	<u>4,121,487</u>
Less: accumulated depreciation	<u>(1,052,701)</u>
Total noncurrent assets	<u>3,068,786</u>
Total assets	<u>\$ 3,352,412</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 318,115
Accrued expenses	2,410
Current portion of long-term obligations	18,399
Total current liabilities	<u>338,924</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes payable	<u>859,929</u>
Total noncurrent liabilities	<u>859,929</u>
Total liabilities	<u>1,198,853</u>
NET POSITION	
Net investment in capital assets	1,872,343
Unrestricted	281,216
Total net position	<u>2,153,559</u>
Total liabilities and net position	<u>\$ 3,352,412</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, 2017

	<u>Enterprise Fund</u> <u>Water</u> <u>Department</u>
OPERATING REVENUES	
Charges for services	\$ 198,273
Other income	10,081
TOTAL OPERATING REVENUES	<u>208,354</u>
OPERATING EXPENSES	
Payroll	70,483
Benefits/Taxes	19,202
Utilities	11,507
Chemicals	337
Contracted services	83,881
Materials and supplies	12,447
Insurance	6,926
Depreciation and amortization	29,144
Transportation	3,180
Other operating expenses	10,781
TOTAL OPERATING EXPENSES	<u>247,888</u>
OPERATING INCOME (LOSS)	<u>(39,534)</u>
NONOPERATING REVENUES (EXPENSES)	
Project cost contributions	1,104,540
Interest income	85
Interest expense	(18,152)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,086,473</u>
CHANGE IN NET POSITION	1,046,939
NET POSITION - JANUARY 1	<u>1,106,620</u>
NET POSITION - DECEMBER 31	<u>\$ 2,153,559</u>

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

TOWN OF STONINGTON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Enterprise Fund</u> <u>Water</u> <u>Department</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 198,273
Other receipts	4,570
Payments to employees	(70,483)
Payments to suppliers	(126,989)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>5,371</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	85
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>85</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Loan proceeds	-
Capital asset purchased with grants	1,089,691
Principal paid on capital debt	(18,036)
Purchase of capital assets (net)	(1,086,293)
Interest paid on capital debt	(18,152)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(32,790)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,334)
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>50,921</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 23,587</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (39,534)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	29,144
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(5,511)
(Increase) decrease in due from other governments	(249,616)
(Decrease) increase in accounts payable	272,320
(Decrease) increase in accrued expenses	(1,432)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 5,371</u>

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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. 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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. 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, 2017

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, 2017

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, 2017

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, 2017

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

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, 2017

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, 2017

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, 2017.

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, 2017

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, 2017, the Town's liability for compensated absences is \$5,550.

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, 2017

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, 2017

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 July 10, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due on August 31, 2017. Interest on unpaid taxes commenced on September 1, 2017 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 \$123,625 for the year ended December 31, 2017.

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, 2017

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, 2017, 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, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$ 1,806,964
Savings	1,485,100
	\$ 3,292,064

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, 2017, 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, 2017

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2017 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 436,581	\$ 143,253
Nonmajor special revenue funds	38,009	969
Nonmajor capital projects funds	105,244	435,163
Nonmajor permanent funds	-	449
Totals	<u>\$ 579,834</u>	<u>\$ 579,834</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2017:

	Balance 1/1/17	Additions	Disposals	Balance 12/31/17
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 5,936,500	\$ -	\$ -	\$ 5,936,500
Construction in progress	444,525	487,214	-	931,739
	<u>6,381,025</u>	<u>487,214</u>	<u>-</u>	<u>6,868,239</u>
Depreciated assets:				
Buildings	2,058,111	-	-	2,058,111
Building improvements	101,910	68,000	-	169,910
Land improvements	405,348	132,237	-	537,585
Machinery & equipment	581,964	93,964	-	675,928
Vehicles	803,009	43,523	-	846,532
Infrastructure	548,212	61,728	-	609,940
	<u>4,498,554</u>	<u>399,452</u>	<u>-</u>	<u>4,898,006</u>
Less: accumulated depreciation	<u>(2,956,747)</u>	<u>(206,021)</u>	<u>-</u>	<u>(3,162,768)</u>
	<u>1,541,807</u>	<u>193,431</u>	<u>-</u>	<u>1,735,238</u>
Net capital assets	<u>\$ 7,922,832</u>	<u>\$ 680,645</u>	<u>\$ -</u>	<u>\$ 8,603,477</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance 1/1/17	Additions	Disposals	Balance 12/31/17
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	\$ 66,667	\$ -	\$ -	\$ 66,667
Construction in progress	1,152,515	1,086,293	-	2,238,808
	<u>1,219,182</u>	<u>1,086,293</u>	<u>-</u>	<u>2,305,475</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>(1,023,557)</u>	<u>(29,144)</u>	<u>-</u>	<u>(1,052,701)</u>
	<u>792,455</u>	<u>(29,144)</u>	<u>-</u>	<u>763,311</u>
Net capital assets	<u>\$ 2,011,637</u>	<u>\$ 1,057,149</u>	<u>\$ -</u>	<u>\$ 3,068,786</u>
<u>Current year depreciation:</u>				
General government				\$ 8,669
Public safety				30,433
Public works				81,869
Town-wide				<u>85,050</u>
Total governmental type depreciation expense				206,021
Water department				<u>29,144</u>
Total depreciation expense				<u>\$ 235,165</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2017:

	Balance 01/01/17	Additions	Reductions	Balance 12/31/17	Current Portion
Notes payable - governmental	\$ 232,157	\$ -	\$ (35,209)	\$ 196,948	\$ 58,917
Bonds / Notes payable - business-type	896,364	-	(18,036)	878,328	18,399
Bond anticipation note	-	260,000	-	260,000	260,000
Capital leases payable - governmental	2,673	-	(2,673)	-	-
Accrued compensated absences	5,445	105	-	5,550	5,550
Totals	<u>\$ 1,136,639</u>	<u>\$ 260,105</u>	<u>\$ (55,918)</u>	<u>\$ 1,340,826</u>	<u>\$ 342,866</u>

TOWN OF STONINGTON, MAINE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

NOTE 5 - LONG -TERM DEBT (CONTINUED)

The following is a summary of outstanding notes and bonds 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.	\$ 11,631
2012 Bar Harbor Bank & Trust note of \$315,000 for Moose Island Causeway. Interest is stated at 2.37%. Monthly payments include both principal and interest in the amount of \$2,895 until June 2022.	144,826
2014 First National note of \$111,295 for a Truck. Interest is stated at 2.4%. Monthly payments include both principal and interest in the amount of \$1,972 until September 2019.	40,491
	196,948
Total notes payable - governmental activities	196,948

Bonds payable - business-type activities

2015 Rural Utilities Service bond for water company. Interest is stated at 2.625%. Annual payments of \$30,795 include both principal and interest until November 2055.	734,865
2016 Maine Municipal Bond Bank bond for water company. Interest is stated at 1.00% with additional fees. Annual payments of \$8,703 include both principal, interest and fees through April 2036. Original bond was for \$250,480 with \$100,192 being forgiven at closing.	143,463
	878,328
Total bonds payable - business-type activities	878,328
Total bonds and notes payable	\$ 1,075,276

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 - LONG -TERM DEBT (CONTINUED)

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

Governmental Activities	Principal	Interest	Total Debt Service
2018	58,917	2,711	\$ 61,628
2019	54,337	2,374	56,711
2020	36,884	2,080	38,964
2021	34,095	4,165	38,260
2022	12,715	101	12,816
	<u>\$ 196,948</u>	<u>\$ 11,431</u>	<u>\$ 208,379</u>
Business-type Activities	Principal	Interest	Total Debt Service
2018	\$ 18,399	\$ 21,099	\$ 39,498
2019	18,770	20,728	39,498
2020	19,149	20,349	39,498
2021	19,537	19,961	39,498
2022	19,935	19,563	39,498
2023-2027	105,968	91,522	197,490
2028-2032	117,397	80,093	197,490
2033-2037	121,918	66,869	188,787
2038-2042	101,790	52,185	153,975
2043-2047	115,871	38,104	153,975
2048-2052	131,900	22,075	153,975
2053-2056	87,694	4,691	92,385
	<u>\$ 878,328</u>	<u>\$ 457,239</u>	<u>\$ 1,335,567</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, 2017 was \$18,152 for business-type activities.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 6 - NONSPENDABLE FUND BALANCES

At December 31, 2017, the Town has the following nonspendable fund balances:

Nonmajor capital projects funds (Schedule F)	<u>\$ 12,935</u>
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NOTE 7 - RESTRICTED FUND BALANCES

At December 31, 2017, the Town has the following restricted fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 224,372
Nonmajor permanent funds (Schedule H)	<u>60,281</u>
	<u>\$ 284,653</u>

NOTE 8 - COMMITTED FUND BALANCE

At December 31, 2017, the Town has the following committed fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 12,122
Nonmajor capital projects funds (Schedule F)	<u>965,297</u>
	<u>\$ 977,419</u>

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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10 - CONTINGENCIES (CONTINUED)

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, 2017:

Town garage	\$ 1,251
Communication center	127
Street lights	35
	<u>\$ 1,413</u>

NOTE 12 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of December 31, 2017:

Nonmajor special revenue funds:	
Community center generator	\$ 663
Unemployment fund	1,851
	<u>\$ 2,514</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Hancock	\$ 300,000	2.12%	\$ 6,360
CSD No. 13	1,339,756	35.05%	469,584
			<u>\$ 475,944</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, 2016 (most recent data available), the Town of Stonington's share of the Joint Venture's net position was \$191,772. Complete financial statements may be obtained from the Municipal Review Committee, 40 Harlow Street, Bangor, Maine 04401. The Town plans to withdraw from the Joint Venture in 2018 and is in the process of finalizing the final equity balance.

NOTE 15 - COMMITMENTS

The Town of Stonington is in the process of upgrading the Town water mains and has approximately \$535,000 left to finish this project. The total cost of the project was \$2.23 million with funding from Rural Development, CDBG Block Grant Funding and Local Share.

The Town is also in the process of another construction project with the Hagen dock. This project is also funded with CDBG Block Grant funding, local sources and as of December 31, 2017 had a bond anticipation note in the amount of \$260,000 outstanding. The original BAN was due to be paid in December of 2017, however on December 27, 2017 the due date was extended to February 9, 2018. The original amount of the BAN was \$500,000 which left a balance to draw of \$240,000.

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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, January 1	\$ 1,584,464	\$ 1,584,464	\$ 1,584,464	\$ -
Resources (Inflows):				
Property taxes	3,414,880	3,414,880	3,444,989	30,109
Excise taxes	-	-	259,782	259,782
Intergovernmental	79,800	79,800	100,633	20,833
Charges for services	38,200	38,200	82,309	44,109
Interest/Costs on liens	-	-	17,534	17,534
Investment income, net	1,000	1,000	3,762	2,762
Other revenues	3,300	3,300	33,965	30,665
Transfers from other funds	6,000	6,000	-	(6,000)
Amounts Available for Appropriation	<u>5,127,644</u>	<u>5,127,644</u>	<u>5,527,438</u>	<u>399,794</u>
Charges to Appropriations (Outflows):				
General government	364,400	364,400	324,387	40,013
Public safety	217,985	213,174	201,755	11,419
Health and sanitation	288,525	288,525	268,754	19,771
Public works	423,300	423,300	373,678	49,622
Special assessments	1,887,882	1,887,882	1,887,882	-
Social services	10,795	10,795	9,875	920
Culture and recreation	19,220	17,546	16,438	1,108
Unclassified	218,211	218,211	108,047	110,164
Capital projects	330,000	100,000	-	100,000
Debt service	78,262	78,262	78,255	7
Transfers to other funds	109,600	346,085	346,085	-
Total Charges to Appropriation	<u>3,948,180</u>	<u>3,948,180</u>	<u>3,615,156</u>	<u>333,024</u>
Budgetary Fund Balance, December 31	<u>\$ 1,179,464</u>	<u>\$ 1,179,464</u>	<u>\$ 1,912,282</u>	<u>\$ 732,818</u>
Utilization of unassigned fund balance	<u>\$ 405,000</u>	<u>\$ 405,000</u>	<u>\$ -</u>	<u>\$ (405,000)</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, 2017

	Appropriations	Budget Adjustments	Total Available	Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 97,550	\$ -	\$ 97,550	\$ 86,504	\$ 11,046
Wages, salaries and taxes	181,600	-	181,600	166,945	14,655
Employee healthcare	62,600	-	62,600	51,984	10,616
Town hall maintenance	20,500	-	20,500	17,466	3,034
Planning board	1,900	-	1,900	1,395	505
Appeals board	250	-	250	93	157
Total	<u>364,400</u>	<u>-</u>	<u>364,400</u>	<u>324,387</u>	<u>40,013</u>
PUBLIC SAFETY					
Animal control	4,950	-	4,950	4,116	834
Hydrant rental	59,000	-	59,000	59,000	-
Code enforcement	14,700	-	14,700	14,573	127
Health officer	250	-	250	250	-
Fire department	49,950	(4,811)	45,139	45,139	-
911-Road signs	600	-	600	89	511
Sheriff services	68,000	-	68,000	63,891	4,109
Communication center	4,235	-	4,235	4,362	(127)
Parking enforcement	6,000	-	6,000	-	6,000
Street lights	10,300	-	10,300	10,335	(35)
Total	<u>217,985</u>	<u>(4,811)</u>	<u>213,174</u>	<u>201,755</u>	<u>11,419</u>
HEALTH AND SANITATION					
Transfer station	<u>288,525</u>	<u>-</u>	<u>288,525</u>	<u>268,754</u>	<u>19,771</u>
Total	<u>288,525</u>	<u>-</u>	<u>288,525</u>	<u>268,754</u>	<u>19,771</u>

TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriations	Budget Adjustments	Total Available	Expenditures	Variance Positive (Negative)
PUBLIC WORKS					
Town roads	170,450	-	170,450	164,839	5,611
Winter roads	191,950	-	191,950	160,257	31,693
Equipment	44,200	-	44,200	30,631	13,569
Town garage	11,700	-	11,700	12,951	(1,251)
Colwell ramp	5,000	-	5,000	5,000	-
Total	<u>423,300</u>	<u>-</u>	<u>423,300</u>	<u>373,678</u>	<u>49,622</u>
SPECIAL ASSESSMENTS					
School	1,770,941	-	1,770,941	1,770,941	-
County tax	116,941	-	116,941	116,941	-
Total	<u>1,887,882</u>	<u>-</u>	<u>1,887,882</u>	<u>1,887,882</u>	<u>-</u>
SOCIAL SERVICES					
General assistance	1,500	-	1,500	580	920
Hospice of Hancock County	1,000	-	1,000	1,000	-
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>10,795</u>	<u>-</u>	<u>10,795</u>	<u>9,875</u>	<u>920</u>
CULTURE AND RECREATION					
Stonington Library	6,000	-	6,000	6,000	-
Island Recreation Board	1,500	-	1,500	1,500	-
Athletic field	1,000	(730)	270	270	-
Town parks	10,720	(944)	9,776	8,668	1,108
Total	<u>19,220</u>	<u>(1,674)</u>	<u>17,546</u>	<u>16,438</u>	<u>1,108</u>
CAPITAL OUTLAY					
Transfer station upgrade	200,000	(200,000)	-	-	-
Sidewalks and drainage	100,000	-	100,000	-	100,000
Roof repairs	30,000	(30,000)	-	-	-
Total	<u>330,000</u>	<u>(230,000)</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>

TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriations	Budget Adjustments	Total Available	Expenditures	Variance Positive (Negative)
DEBT SERVICE					
Backhoe	19,848	-	19,848	19,848	-
Fire truck	23,670	-	23,670	23,664	6
Moose island causeway	34,744	-	34,744	34,743	1
Total	<u>78,262</u>	<u>-</u>	<u>78,262</u>	<u>78,255</u>	<u>7</u>
UNCLASSIFIED					
Downeast Transportation	800	-	800	800	-
Economic Development	22,500	-	22,500	21,664	836
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	1,250	-	1,250	1,410	(160)
Chamber of Commerce	600	-	600	600	-
Memorial Day	450	-	450	450	-
Hospice of Hancock County	7,526	-	7,526	7,526	-
Island community center	10,800	-	10,800	10,800	-
WIC program	1,480	-	1,480	1,480	-
Tax discounts	28,000	-	28,000	27,330	670
Sand beach	8,500	-	8,500	7,950	550
Cemeteries	3,500	-	3,500	1,957	1,543
Overlay/Abatements	123,625	-	123,625	16,900	106,725
Total	<u>218,211</u>	<u>-</u>	<u>218,211</u>	<u>108,047</u>	<u>110,164</u>
Transfer to other funds	109,600	236,485	346,085	346,085	-
Total	<u>109,600</u>	<u>236,485</u>	<u>346,085</u>	<u>346,085</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 3,948,180</u>	<u>\$ -</u>	<u>\$ 3,948,180</u>	<u>\$ 3,615,156</u>	<u>\$ 333,024</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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,414,880	\$ 3,414,880	\$ 3,444,989	\$ 30,109
Excise taxes:				
Auto excise	-	-	259,782	259,782
Intergovernmental revenues:				
State revenue sharing	35,738	35,738	35,435	(303)
Homestead exemption	38,169	38,169	36,330	(1,839)
Local road assistance	-	-	19,260	19,260
BETE reimbursement	3,393	3,393	-	(3,393)
Tree growth	-	-	2,869	2,869
Other intergovernmental	2,500	2,500	6,739	4,239
Interest/Investment income, net	1,000	1,000	3,762	2,762
Interest/Costs on liens	-	-	17,534	17,534
Charges for services:				
Municipal agent fees	4,500	4,500	9,111	4,611
Snow removal contract	-	-	11,395	11,395
Building permits	3,000	3,000	6,663	3,663
Tipping fees	21,000	21,000	22,158	1,158
Demo debris income	5,000	5,000	18,352	13,352
Administrative fees	-	-	6,694	6,694
Trash fees	3,500	3,500	-	(3,500)
Other fees	-	-	2,354	2,354
In lieu of taxes	1,200	1,200	5,582	4,382
Other income:				
CATV fee	2,000	2,000	3,822	1,822
Miscellaneous	1,300	1,300	30,143	28,843
TOTAL REVENUES	<u>3,537,180</u>	<u>3,537,180</u>	<u>3,942,974</u>	<u>405,794</u>
OTHER FINANCING SOURCES				
Transfers in	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
TOTAL OTHER FINANCING SOURCES	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 3,543,180</u>	<u>\$ 3,543,180</u>	<u>\$ 3,942,974</u>	<u>\$ 399,794</u>

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

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 151,662	\$ 1,272,708	\$ 60,730	\$ 1,485,100
Accounts receivable (net of allowance for uncollectibles)				
Other	-	39,880	-	39,880
Inventory	-	12,935	-	12,935
Loans receivable	47,129	-	-	47,129
Due from other funds	38,009	105,244	-	143,253
TOTAL ASSETS	<u>\$ 236,800</u>	<u>\$ 1,430,767</u>	<u>\$ 60,730</u>	<u>\$ 1,728,297</u>
LIABILITIES				
Due to other funds	\$ 969	\$ 435,163	\$ 449	\$ 436,581
Other payables	-	19,223	-	19,223
TOTAL LIABILITIES	<u>969</u>	<u>454,386</u>	<u>449</u>	<u>455,804</u>
FUND BALANCES(DEFICITS)				
Nonspendable	-	12,935	-	12,935
Restricted	224,372	-	60,281	284,653
Committed	12,122	965,297	-	977,419
Assigned	-	-	-	-
Unassigned	(663)	(1,851)	-	(2,514)
TOTAL FUND BALANCES(DEFICITS)	<u>235,831</u>	<u>976,381</u>	<u>60,281</u>	<u>1,272,493</u>
TOTAL LIABILITIES AND FUND BALANCES(DEFICITS)	<u>\$ 236,800</u>	<u>\$ 1,430,767</u>	<u>\$ 60,730</u>	<u>\$ 1,728,297</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, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental income	\$ 124,061	\$ 100,137	\$ -	\$ 224,198
Charges for services	-	847,453	-	847,453
Investment income	1,444	5,215	292	6,951
Other income	3,356	42,359	-	45,715
TOTAL REVENUES	<u>128,861</u>	<u>995,164</u>	<u>292</u>	<u>1,124,317</u>
EXPENDITURES				
Capital outlay	9,257	793,508	-	802,765
Debt service	-	4,223	-	4,223
Other	2,574	781,507	-	784,081
TOTAL EXPENDITURES	<u>11,831</u>	<u>1,579,238</u>	<u>-</u>	<u>1,591,069</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>117,030</u>	<u>(584,074)</u>	<u>292</u>	<u>(466,752)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	260,000	-	260,000
Transfers in	-	489,020	-	489,020
Transfers (out)	(124,061)	(18,874)	-	(142,935)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(124,061)</u>	<u>730,146</u>	<u>-</u>	<u>606,085</u>
NET CHANGE IN FUND BALANCES	(7,031)	146,072	292	139,333
FUND BALANCES - JANUARY 1	<u>242,862</u>	<u>830,309</u>	<u>59,989</u>	<u>1,133,160</u>
FUND BALANCES - DECEMBER 31	<u>\$ 235,831</u>	<u>\$ 976,381</u>	<u>\$ 60,281</u>	<u>\$ 1,272,493</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, 2017

	Community Benefit Grant	State Public Facilities	Community Center Generator	Heating Fund	Genesis Study
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 12,252	\$ -
Due from other funds	6,040	-	-	-	176
Loans receivable	-	-	-	-	-
TOTAL ASSETS	<u><u>\$ 6,040</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,252</u></u>	<u><u>\$ 176</u></u>
LIABILITIES					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 663</u>	<u>\$ 306</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>663</u>	<u>306</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	6,040	-	-	-	-
Committed	-	-	-	11,946	176
Assigned	-	-	-	-	-
Unassigned	-	-	(663)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>6,040</u>	<u>-</u>	<u>(663)</u>	<u>11,946</u>	<u>176</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u><u>\$ 6,040</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,252</u></u>	<u><u>\$ 176</u></u>

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017

	MCF Housing	Microloan Program	Ralston Property	MMA Safety Grant	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 139,410	\$ -	\$ -	\$ 151,662
Due from other funds	2,000	5,204	24,589	-	38,009
Loans receivable	-	47,129	-	-	47,129
TOTAL ASSETS	<u>\$ 2,000</u>	<u>\$ 191,743</u>	<u>\$ 24,589</u>	<u>\$ -</u>	<u>\$ 236,800</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 969
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>969</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	2,000	191,743	24,589	-	224,372
Committed	-	-	-	-	12,122
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(663)
TOTAL FUND BALANCES (DEFICITS)	<u>2,000</u>	<u>191,743</u>	<u>24,589</u>	<u>-</u>	<u>235,831</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,000</u>	<u>\$ 191,743</u>	<u>\$ 24,589</u>	<u>\$ -</u>	<u>\$ 236,800</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, 2017

	Community Benefit Grant	State Public Facilities	Community Center Generator	Heating Fund	Genesis Study
REVENUES					
Intergovernmental income	\$ -	\$ 124,061	\$ -	\$ -	\$ -
Investment income	-	-	-	59	-
Other income	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>124,061</u>	<u>-</u>	<u>59</u>	<u>-</u>
EXPENDITURES					
Capital outlay	9,257	-	-	-	-
Other	-	-	-	299	-
TOTAL EXPENDITURES	<u>9,257</u>	<u>-</u>	<u>-</u>	<u>299</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,257)</u>	<u>124,061</u>	<u>-</u>	<u>(240)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	(124,061)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(124,061)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(9,257)	-	-	(240)	-
FUND BALANCES (DEFICITS) - JANUARY 1	<u>15,297</u>	<u>-</u>	<u>(663)</u>	<u>12,186</u>	<u>176</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 6,040</u>	<u>\$ -</u>	<u>\$ (663)</u>	<u>\$ 11,946</u>	<u>\$ 176</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, 2017

	MCF Housing	Microloan Program	Ralston Property	MMA Safety Grant	Total
REVENUES					
Intergovernmental income	\$ -	\$ -	\$ -	\$ -	\$ 124,061
Investment income	-	1,385	-	-	1,444
Other income	-	-	-	3,356	3,356
TOTAL REVENUES	<u>-</u>	<u>1,385</u>	<u>-</u>	<u>3,356</u>	<u>128,861</u>
EXPENDITURES					
Capital outlay	-	-	-	-	9,257
Other	-	-	919	1,356	2,574
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>919</u>	<u>1,356</u>	<u>11,831</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,385</u>	<u>(919)</u>	<u>2,000</u>	<u>117,030</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	(124,061)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,061)</u>
NET CHANGE IN FUND BALANCES	-	1,385	(919)	2,000	(7,031)
FUND BALANCES (DEFICITS) - JANUARY 1	<u>2,000</u>	<u>190,358</u>	<u>25,508</u>	<u>(2,000)</u>	<u>242,862</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 2,000</u>	<u>\$ 191,743</u>	<u>\$ 24,589</u>	<u>\$ -</u>	<u>\$ 235,831</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, 2017

	Airport	Athletic Field	Seawall Reserve	Hagen Dock	Conservation Commission	Fire Dept Capital	Fish Pier
ASSETS							
Cash and cash equivalents	\$ 2,420	\$ 4,803	\$ 265,042	\$ -	\$ 4,587	\$ 144,322	\$ 169,100
Due from other funds	3,943	730	-	-	-	4,825	36,003
Accounts receivable (net of allowance for uncollectibles):							
Other	-	-	-	15,492	-	-	24,388
Inventory	-	-	-	-	-	-	12,935
TOTAL ASSETS	\$ 6,363	\$ 5,533	\$ 265,042	\$ 15,492	\$ 4,587	\$ 149,147	\$ 242,426
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ 115,000	\$ 3,455	\$ 4,500	\$ -	\$ -
Other payables	-	-	-	-	-	-	19,223
TOTAL LIABILITIES	-	-	115,000	3,455	4,500	-	19,223
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	12,935
Restricted	-	-	-	-	-	-	-
Committed	6,363	5,533	150,042	12,037	87	149,147	210,268
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	6,363	5,533	150,042	12,037	87	149,147	223,203
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 6,363	\$ 5,533	\$ 265,042	\$ 15,492	\$ 4,587	\$ 149,147	\$ 242,426

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2017

	<u>Gym Building</u>	<u>Harbor</u>	<u>Playground Reserve</u>	<u>Rainy Day Reserve</u>	<u>Road Equipment</u>
ASSETS					
Cash and cash equivalents	\$ 35,968	\$ 112,691	\$ 1,513	\$ 15,656	\$ 123,639
Due from other funds	-	35,295	944	-	-
Accounts receivable (net of allowance for uncollectibles):					
Other	-	-	-	-	-
Inventory	-	-	-	-	-
TOTAL ASSETS	<u><u>\$ 35,968</u></u>	<u><u>\$ 147,986</u></u>	<u><u>\$ 2,457</u></u>	<u><u>\$ 15,656</u></u>	<u><u>\$ 123,639</u></u>
LIABILITIES					
Due to other funds	\$ 7,220	\$ -	\$ -	\$ -	\$ 43,523
Other payables	-	-	-	-	-
TOTAL LIABILITIES	<u><u>7,220</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>43,523</u></u>
FUND BALANCES(DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	28,748	147,986	2,457	15,656	80,116
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES(DEFICITS)	<u><u>28,748</u></u>	<u><u>147,986</u></u>	<u><u>2,457</u></u>	<u><u>15,656</u></u>	<u><u>80,116</u></u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u><u>\$ 35,968</u></u>	<u><u>\$ 147,986</u></u>	<u><u>\$ 2,457</u></u>	<u><u>\$ 15,656</u></u>	<u><u>\$ 123,639</u></u>

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2017

	Swimming Pool	Town Hall	Harbor Float	Transfer Station Reserve	Transfer Station Project	Unemploy Fund	Total
ASSETS							
Cash and cash equivalents	\$ 1,840	\$ 52,830	\$ 16,896	\$ 233,776	\$ -	\$ 3,830	\$ 1,272,708
Due from other funds	-	-	-	-	-	-	105,244
Accounts receivable (net of allowance for uncollectibles):							
Other	-	-	-	-	-	-	39,880
Inventory	-	-	-	-	-	-	12,935
TOTAL ASSETS	<u>\$ 1,840</u>	<u>\$ 52,830</u>	<u>\$ 16,896</u>	<u>\$ 233,776</u>	<u>\$ -</u>	<u>\$ 3,830</u>	<u>\$ 1,430,767</u>
LIABILITIES							
Due to other funds	\$ -	\$ 31,000	\$ -	\$ 218,875	\$ -	\$ 5,681	435,163
Other payables	-	-	-	-	-	-	19,223
TOTAL LIABILITIES	<u>-</u>	<u>31,000</u>	<u>-</u>	<u>218,875</u>	<u>-</u>	<u>5,681</u>	<u>454,386</u>
FUND BALANCES(DEFICITS)							
Nonspendable	-	-	-	-	-	-	12,935
Restricted	-	-	-	-	-	-	-
Committed	1,840	21,830	16,896	14,901	-	-	965,297
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(1,851)	(1,851)
TOTAL FUND BALANCES(DEFICITS)	<u>1,840</u>	<u>21,830</u>	<u>16,896</u>	<u>14,901</u>	<u>-</u>	<u>(1,851)</u>	<u>976,381</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,840</u>	<u>\$ 52,830</u>	<u>\$ 16,896</u>	<u>\$ 233,776</u>	<u>\$ -</u>	<u>\$ 3,830</u>	<u>\$ 1,430,767</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, 2017

	Airport	Athletic Field	Seawall Reserve	Hagen Dock	Conservation Commission	Fire Dept Capital	Fish Pier
REVENUES							
Intergovernmental income	\$ -	\$ -	\$ -	\$ 100,137	\$ -	\$ -	\$ -
Charges for services	851	-	-	-	-	-	721,433
Investment income	27	35	1,148	-	22	634	973
Other income	4,904	-	-	-	-	14	10,258
TOTAL REVENUES	5,782	35	1,148	100,137	22	648	732,664
EXPENDITURES							
Capital outlay	-	-	-	487,161	-	-	-
Debt service	-	-	-	-	-	-	-
Other	1,812	-	-	-	4,500	-	680,002
TOTAL EXPENDITURES	1,812	-	-	487,161	4,500	-	680,002
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,970	35	1,148	(387,024)	(4,478)	648	52,662
OTHER FINANCING SOURCES (USES)							
Proceeds from debt	-	-	-	260,000	-	-	-
Transfers in	-	730	-	139,061	100	19,811	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	730	-	399,061	100	19,811	-
NET CHANGE IN FUND BALANCES (DEFICITS)	3,970	765	1,148	12,037	(4,378)	20,459	52,662
FUND BALANCES (DEFICITS) - JANUARY 1	2,393	4,768	148,894	-	4,465	128,688	170,541
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 6,363	\$ 5,533	\$ 150,042	\$ 12,037	\$ 87	\$ 149,147	\$ 223,203

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Gym Building</u>	<u>Harbor</u>	<u>Playground Reserve</u>	<u>Rainy Day Reserve</u>	<u>Road Equipment</u>
REVENUES					
Intergovernmental income	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	3,434	69,360	-	-	-
Investment income	101	652	5	75	462
Other income	-	13,793	-	-	-
TOTAL REVENUES	<u>3,535</u>	<u>83,805</u>	<u>5</u>	<u>75</u>	<u>462</u>
EXPENDITURES					
Capital outlay	-	12,950	-	-	43,523
Debt service	-	-	-	-	-
Other	10,653	34,911	-	-	-
TOTAL EXPENDITURES	<u>10,653</u>	<u>47,861</u>	<u>-</u>	<u>-</u>	<u>43,523</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,118)</u>	<u>35,944</u>	<u>5</u>	<u>75</u>	<u>(43,061)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from debt	-	-	-	-	-
Transfers in	20,000	-	944	-	40,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>-</u>	<u>944</u>	<u>-</u>	<u>40,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	12,882	35,944	949	75	(3,061)
FUND BALANCES (DEFICITS) - JANUARY 1	<u>15,866</u>	<u>112,042</u>	<u>1,508</u>	<u>15,581</u>	<u>83,177</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 28,748</u>	<u>\$ 147,986</u>	<u>\$ 2,457</u>	<u>\$ 15,656</u>	<u>\$ 80,116</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, 2017

	Swimming Pool	Town Hall	Harbor Float	Transfer Station Reserve	Transfer Station Project	Unemploy Fund	Total
REVENUES							
Intergovernmental income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,137
Charges for services	-	-	-	-	-	-	847,453
Investment income	9	151	78	447	-	34	5,215
Other income	-	-	-	-	-	-	42,359
TOTAL REVENUES	9	151	78	447	-	34	995,164
EXPENDITURES							
Capital outlay	-	31,000	-	-	218,874	-	793,508
Debt service	-	-	-	-	-	-	4,223
Other	-	-	-	-	-	5,681	781,507
TOTAL EXPENDITURES	-	31,000	-	-	218,874	5,681	1,579,238
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9	(30,849)	78	447	(218,874)	(5,647)	(584,074)
OTHER FINANCING SOURCES (USES)							
Proceeds from debt	-	-	-	-	-	-	260,000
Transfers in	-	34,000	1,000	10,000	218,874	3,500	489,020
Transfers (out)	-	-	-	(18,874)	-	-	(18,874)
TOTAL OTHER FINANCING SOURCES (USES)	-	34,000	1,000	(8,874)	218,874	3,500	730,146
NET CHANGE IN FUND BALANCES (DEFICITS)	9	3,151	1,078	(8,427)	-	(2,147)	146,072
FUND BALANCES (DEFICITS) - JANUARY 1	1,831	18,679	15,818	23,328	-	296	830,309
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 1,840	\$ 21,830	\$ 16,896	\$ 14,901	\$ -	\$ (1,851)	\$ 976,381

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, 2017

	<u>Cemetery Fund</u>	<u>Bartlett/ McDonald</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 59,369	\$ 1,361	\$ 60,730
TOTAL ASSETS	<u>\$ 59,369</u>	<u>\$ 1,361</u>	<u>\$ 60,730</u>
LIABILITIES			
Due to other funds	\$ 449	\$ -	\$ 449
TOTAL LIABILITIES	<u>449</u>	<u>-</u>	<u>449</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	58,920	1,361	60,281
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>58,920</u>	<u>1,361</u>	<u>60,281</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,369</u>	<u>\$ 1,361</u>	<u>\$ 60,730</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, 2017

	Cemetery Fund	Bartlett/ McDonald	Total
REVENUES			
Investment income	\$ 285	\$ 7	\$ 292
TOTAL REVENUES	<u>285</u>	<u>7</u>	<u>292</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>285</u>	<u>7</u>	<u>292</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	285	7	292
FUND BALANCES - JANUARY 1	<u>58,635</u>	<u>1,354</u>	<u>59,989</u>
FUND BALANCES - DECEMBER 31	<u>\$ 58,920</u>	<u>\$ 1,361</u>	<u>\$ 60,281</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, 2017

	Land and Construction in Progress	Buildings, Building Improvements, Land Improvements	Water Mains, Machinery & Equipment, Furniture/Fixtures, Vehicles	Infrastructure	Total
Administration	\$ 148,800	\$ 524,911	\$ -	\$ -	\$ 673,711
Public safety	385,500	93,400	643,347	-	1,122,247
Public works	81,400	633,060	579,833	378,773	1,673,066
Water department	2,305,475	7,469	1,808,543	-	4,121,487
Health and sanitation	-	359,837	86,837	-	446,674
Town-wide	<u>6,252,539</u>	<u>1,154,398</u>	<u>212,443</u>	<u>231,167</u>	<u>7,850,547</u>
Total General Capital Assets	9,173,714	2,773,075	3,331,003	609,940	15,887,732
Less: Accumulated Depreciation	<u>-</u>	<u>(1,952,114)</u>	<u>(2,189,837)</u>	<u>(73,518)</u>	<u>(4,215,469)</u>
Net General Capital Assets	<u>\$ 9,173,714</u>	<u>\$ 820,961</u>	<u>\$ 1,141,166</u>	<u>\$ 536,422</u>	<u>\$ 11,672,263</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, 2017

	General Capital Assets 1/1/17	Additions	Deletions	General Capital Assets 12/31/17
Administration	\$ 642,711	\$ 31,000	\$ -	\$ 673,711
Public safety	1,122,247	-	-	1,122,247
Public works	1,567,815	105,251	-	1,673,066
Water department	3,034,943	1,086,544	-	4,121,487
Health and sanitation	227,800	218,874	-	446,674
Town-wide	<u>7,363,333</u>	<u>487,214</u>	<u>-</u>	<u>7,850,547</u>
Total General Capital Assets	12,645,850	1,928,883	-	15,887,732
Less: Accumulated Depreciation	<u>(3,980,304)</u>	<u>(235,165)</u>	<u>-</u>	<u>(4,215,469)</u>
Net General Capital Assets	<u><u>\$ 8,844,027</u></u>	<u><u>\$ 1,693,718</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,672,263</u></u>

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

TOWN OF STONINGTON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
Rural Utilities Service				
Water Systems for Rural Communities - grant	10.670	N/A	\$ 355,546	\$ -
Total Department of Agriculture			<u>355,546</u>	<u>-</u>
U.S. Department of Housing and Urban Deveopment				
Passed through State of Maine Dept. of Economic and Community Development				
Community Development Block Grant	14.228	None	124,061	-
Community Development Block Grant	14.228	None	705,271	-
Total Department of Agriculture			<u>829,332</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,184,878</u>	<u>\$ -</u>

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

TOWN OF STONINGTON, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Stonington, Maine under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Stonington, Maine, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Stonington, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Stonington, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



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, 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, 2017, 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 12, 2018.

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.

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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 matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
July 12, 2018



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Selectmen
Town of Stonington, Maine
Stonington, Maine

Report on Compliance for Each Major Federal Program

We have audited the Town of Stonington, Maine's compliance with the types of compliance requirements described in the *OMB Circular Supplement* that could have a direct and material effect on each of the Town of Stonington, Maine's major federal programs for the year ended December 31, 2017. The Town of Stonington, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Stonington, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Stonington, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of Stonington, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

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

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

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

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

RHR Smith & Company

Buxton, Maine
July 12, 2018

TOWN OF STONINGTON, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None