

Federal Compliance Audit

Town of Stonington, Maine

December 31, 2015



Proven Expertise and Integrity

TOWN OF STONINGTON, MAINE

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Stonington
Stonington, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Maine, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Maine as of December 31, 2015, 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 41 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 combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements 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 combining and individual nonmajor funds financial statements 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 19, 2016, on our consideration of the Town of Stonington, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stonington's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
July 19, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

(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, 2015. 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 \$9,705,769 compared to \$9,029,315 in the prior year, an increase of \$676,454.

For the business-type activities total net position is \$838,650 as compared to \$842,663 in the prior year, a decrease of \$4,013.

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 \$2,371,397 at the end of this year for governmental activities, an increase of \$580,109. The business-type activities unrestricted net position is \$64,378, after a \$20,104 increase.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets				
Current and other assets	\$ 2,702,307	\$ 2,127,446	\$ 83,680	\$ 48,097
Capital Assets	7,312,755	7,257,922	1,531,272	977,172
Total Assets	<u>10,015,062</u>	<u>9,385,368</u>	<u>1,614,952</u>	<u>1,025,269</u>
Liabilities				
Current Liabilities	112,534	107,026	30,226	42,744
Long-term Debt Outstanding	194,273	248,742	746,076	139,862
Total Liabilities	<u>306,807</u>	<u>355,768</u>	<u>776,302</u>	<u>182,606</u>
Deferred Inflows of Resources				
Prepaid Taxes	2,486	285	-	-
Total Deferred Inflows of Resources	<u>2,486</u>	<u>285</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	7,068,908	6,965,895	774,272	798,389
Restricted	265,464	272,132	-	-
Unrestricted	2,371,397	1,791,288	64,378	44,274
Total Net Position	<u>\$ 9,705,769</u>	<u>\$ 9,029,315</u>	<u>\$ 838,650</u>	<u>\$ 842,663</u>

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 935,837	\$ 268,242	\$ 198,030	\$ 194,663
Operating grants and contributions	19,044	18,852	3,037	57,022
<i>General revenues:</i>				
Property taxes	3,685,214	3,215,278	-	-
Excise taxes	251,527	238,344	-	-
Grants and contributions not restricted to specific programs	63,433	91,747	-	-
Investment income, net	5,837	4,132	41	50
Other revenue	63,358	1,056,233	20,573	9,585
Total Revenues	<u>5,024,250</u>	<u>4,892,828</u>	<u>221,681</u>	<u>261,320</u>
Expenses				
General government	328,216	333,454	-	-
Public safety	225,896	230,061	-	-
Health and sanitation	235,788	214,164	-	-
Public works	445,554	579,313	-	-
Special assessments	2,097,152	2,059,171	-	-
Social services	8,524	14,305	-	-
Culture and recreation	14,832	18,129	-	-
Unclassified	924,792	909,838	219,217	162,456
Capital outlay	17,352	86,542	-	-
Depreciation	15,649	17,787	-	-
Interest on long-term debt	34,041	8,489	6,477	4,563
Total Expenses	<u>4,347,796</u>	<u>4,471,253</u>	<u>225,694</u>	<u>167,019</u>
Change in Net Position	676,454	421,575	(4,013)	94,301
Net Position - January 1	<u>9,029,315</u>	<u>8,607,740</u>	<u>842,663</u>	<u>748,362</u>
Net Position - December 31	<u>\$ 9,705,769</u>	<u>\$ 9,029,315</u>	<u>\$ 838,650</u>	<u>\$ 842,663</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by \$131,422, while total expenses decreased by \$123,457. The largest increase in revenues was in charges for services and property taxes. Most of the Town's expenses were consistent with the previous year with minor increases or decreases. The biggest decrease in expenses was in public works.

Revenues for the proprietary fund decreased by \$39,639 from the prior year. This was mainly the result of an operating grant received for the purchase of capital assets. 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,

	2015	2014
Major Funds:		
General Fund:		
Unassigned	\$ 1,391,324	\$ 1,129,088
Total Major Funds	\$ 1,391,324	\$ 1,129,088
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 205,764	\$ 212,676
Committed	12,317	35,233
Unassigned	(663)	(38,990)
Capital Projects Funds:		
Nonspendable	5,500	13,415
Committed	795,314	530,437
Unassigned	-	-
Permanent Funds:		
Restricted	59,700	59,456
Total Nonmajor Funds	\$ 1,077,932	\$ 812,227

The general fund total fund balance increased by \$262,236 over the prior fiscal year. Nonmajor fund total fund balances increased by \$265,705 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 significant difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budget by \$365,499. All revenue categories exceeded budget with the exception of property taxes.

The general fund actual expenditures were under the budget by \$144,745. All expenditures were under budget, with the largest ones being unclassified and public works.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2015, the net book value of capital assets recorded by the Town increased by \$414,017. This increase is a result of the purchase of assets of \$575,332, net disposals of \$ 0 and annual depreciation expense of \$161,315. 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,**

	2015	2014
Land and construction in progress	\$ 6,496,174	\$ 6,114,188
Buildings, building improvements and land improvements	680,561	703,330
Water mains, machinery and equipment	1,302,929	1,382,178
furniture/fixtures, vehicles	364,363	230,314
Infrastructure	364,363	230,314
Total	\$ 8,844,027	\$ 8,430,010

Debt

At December 31, 2015, the Town had \$225,136 in notes outstanding versus \$436,625 in the prior year. The Town also has \$757,000 in bonds payable which is new in 2015. 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 two months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

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

STATEMENT A

TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,430,399	\$ 73,325	\$ 2,503,724
Accounts receivable (net of allowance for uncollectibles):			
Taxes	171,076	-	171,076
Liens	37,514	-	37,514
Loans	46,047	-	46,047
Other	11,771	10,355	22,126
Inventory	5,500	-	5,500
Total current assets	<u>2,702,307</u>	<u>83,680</u>	<u>2,785,987</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	5,786,500	709,674	6,496,174
Buildings and vehicles, net of accumulated depreciation	<u>1,526,255</u>	<u>821,598</u>	<u>2,347,853</u>
Total noncurrent assets	<u>7,312,755</u>	<u>1,531,272</u>	<u>8,844,027</u>
Total assets	<u>\$ 10,015,062</u>	<u>\$ 1,614,952</u>	<u>\$ 11,630,014</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 48,897	\$ 15,637	\$ 64,534
Payroll related liabilities	9,055	-	9,055
Other liabilities	113	3,665	3,778
Current portion of long-term obligations	54,469	10,924	65,393
Total current liabilities	<u>112,534</u>	<u>30,226</u>	<u>142,760</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Notes payable	191,600	746,076	937,676
Capital leases	2,673	-	2,673
Accrued compensated absences	-	-	-
Total noncurrent liabilities	<u>194,273</u>	<u>746,076</u>	<u>940,349</u>
Total liabilities	<u>306,807</u>	<u>776,302</u>	<u>1,083,109</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	2,486	-	2,486
Total deferred inflows of resources	<u>2,486</u>	<u>-</u>	<u>2,486</u>
NET POSITION			
Net investment in capital assets	7,068,908	774,272	7,843,180
Restricted	265,464	-	265,464
Unrestricted	<u>2,371,397</u>	<u>64,378</u>	<u>2,435,775</u>
Total net position	<u>9,705,769</u>	<u>838,650</u>	<u>10,544,419</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,015,062</u>	<u>\$ 1,614,952</u>	<u>\$ 11,630,014</u>

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

TOWN OF STONINGTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

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	\$ 328,216	\$ 19,053	\$ -	\$ -	\$ (309,163)	\$ -	\$ (309,163)
Public safety	225,896	7,947	-	-	(217,949)	-	(217,949)
Health and sanitation	235,788	39,571	-	-	(196,217)	-	(196,217)
Public works	445,554	11,395	19,044	-	(415,115)	-	(415,115)
Special assessments	2,097,152	-	-	-	(2,097,152)	-	(2,097,152)
Social services	8,524	-	-	-	(8,524)	-	(8,524)
Culture and recreation	14,832	-	-	-	(14,832)	-	(14,832)
Unclassified	924,792	857,871	-	-	(66,921)	-	(66,921)
Capital outlay	17,352	-	-	-	(17,352)	-	(17,352)
Unallocated depreciation (Note 4)*	15,649	-	-	-	(15,649)	-	(15,649)
Interest on long term debt	34,041	-	-	-	(34,041)	-	(34,041)
Total governmental activities	4,347,796	935,837	19,044	-	(3,392,915)	-	(3,392,915)
Business-type activities:							
Water department	225,694	198,030	3,037	-	-	(24,627)	(24,627)
Total business-type activities	225,694	198,030	3,037	-	-	(24,627)	(24,627)
Total government	\$ 4,573,490	\$ 1,133,867	\$ 22,081	\$ -	(3,392,915)	(24,627)	(3,417,542)

* 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, 2015

	Governmental Activities	Business-type Activities	Total
Changes In net position:			
Net (expense) revenue	(3,392,915)	(24,627)	(3,417,542)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	3,685,214	-	3,685,214
Excise taxes	251,527	-	251,527
Grants and contributions not restricted to specific programs	63,433	-	63,433
Investment income, net	5,837	41	5,878
Other income	63,358	20,573	83,931
Total general revenues	4,069,369	20,614	4,089,983
Change in net position	676,454	(4,013)	672,441
Net position - January 1	9,029,315	842,663	9,871,978
Net position - December 31	\$ 9,705,769	\$ 838,650	\$ 10,544,419

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

TOWN OF STONINGTON, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Nonmajor Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,425,674	\$ 1,004,725	\$ 2,430,399
Accounts receivable (net of allowance for uncollectibles):			
Taxes	171,076	-	171,076
Liens	37,514	-	37,514
Loans	-	46,047	46,047
Other	11,771	-	11,771
Inventory	-	5,500	5,500
Due from other funds	91,694	123,695	215,389
TOTAL ASSETS	<u>\$ 1,737,729</u>	<u>\$ 1,179,967</u>	<u>\$ 2,917,696</u>
LIABILITIES			
Accounts payable	\$ 38,556	\$ 10,341	\$ 48,897
Payroll related liabilities	9,055	-	9,055
Due to other funds	123,695	91,694	215,389
Due to other governments	113	-	113
TOTAL LIABILITIES	<u>171,419</u>	<u>102,035</u>	<u>273,454</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	2,486	-	2,486
Deferred revenue	172,500	-	172,500
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>174,986</u>	<u>-</u>	<u>174,986</u>
FUND BALANCES			
Nonspendable	-	5,500	5,500
Restricted	-	265,464	265,464
Committed	-	807,631	807,631
Assigned	-	-	-
Unassigned	1,391,324	(663)	1,390,661
TOTAL FUND BALANCES	<u>1,391,324</u>	<u>1,077,932</u>	<u>2,469,256</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,737,729</u>	<u>\$ 1,179,967</u>	<u>\$ 2,917,696</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, 2015

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,469,256
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	7,312,755
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	172,500
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	(4,895)
Notes payable	(225,136)
Capital leases payable	<u>(18,711)</u>
Net position of governmental activities	<u>\$ 9,705,769</u>

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

TOWN OF STONINGTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property Taxes	\$ 3,639,714	\$ -	\$ 3,639,714
Excise taxes	251,527	-	251,527
Intergovernmental	70,178	12,299	82,477
Charges for services	77,966	857,871	935,837
Interest/Costs on liens	13,389	-	13,389
Investment income, net	2,702	3,135	5,837
Other income	20,808	29,161	49,969
TOTAL REVENUES	4,076,284	902,466	4,978,750
EXPENDITURES			
Current:			
General government	319,547	-	319,547
Public safety	195,463	-	195,463
Health and sanitation	235,488	-	235,488
Public works	510,428	-	510,428
Special assessments	2,097,152	-	2,097,152
Social services	8,524	-	8,524
Culture and recreation	14,832	-	14,832
Unclassified	124,805	799,987	924,792
Debt service	74,777	7,444	82,221
Capital outlay	-	62,362	62,362
TOTAL EXPENDITURES	3,581,016	869,793	4,450,809
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	495,268	32,673	527,941
OTHER FINANCING SOURCES (USES)			
Transfers in	-	289,844	289,844
Transfers (out)	(233,032)	(56,812)	(289,844)
TOTAL OTHER FINANCING SOURCES (USES)	(233,032)	233,032	-
NET CHANGE IN FUND BALANCES	262,236	265,705	527,941
FUND BALANCES - JANUARY 1	1,129,088	812,227	1,941,315
FUND BALANCES - DECEMBER 31	\$ 1,391,324	\$ 1,077,932	\$ 2,469,256

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, 2015

Net change in fund balances - total governmental funds (Statement E)	\$ 527,941
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	186,095
Capital asset disposals	-
Depreciation expense	(131,262)
	54,833
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	45,500
Accrued compensated absences recorded in the statement of net position not in the governmental funds.	
	-
Repayment of long-term debt principal is an expenditure in the governmental funds, reduces long-term liabilities in the statement of net position.	
	48,180
Change in net position of governmental activities (Statement B)	\$ 676,454

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

TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2015

	<u>Enterprise Fund</u> <u>Water</u> <u>Department</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 73,325
Accounts receivable (net of allowance for uncollectibles)	10,355
Total current assets	<u>83,680</u>
Noncurrent assets:	
Construction in progress	643,007
Land, buildings, mains, and other water assets	1,536,938
Vehicles and equipment	345,741
Total capital assets	<u>2,525,686</u>
Less: accumulated depreciation	(994,414)
Total noncurrent assets	<u>1,531,272</u>
Total assets	<u>\$ 1,614,952</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 15,637
Accrued expenses	3,665
Current portion of long-term obligations	10,924
Total current liabilities	<u>30,226</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes payable	746,076
Total noncurrent liabilities	<u>746,076</u>
Total liabilities	<u>776,302</u>
NET POSITION	
Net investment in capital assets	774,272
Unrestricted	64,378
Total net position	<u>838,650</u>
Total liabilities and net position	<u>\$ 1,614,952</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, 2015

	Enterprise Fund Water Department
OPERATING REVENUES	
Charges for services	\$ 198,030
Other income	20,573
TOTAL OPERATING REVENUES	218,603
OPERATING EXPENSES	
Payroll	54,430
Benefits/Taxes	13,214
Utilities	12,313
Chemicals	325
Contracted services	60,770
Materials and supplies	22,950
Insurance	5,509
Depreciation & amortization	30,053
Transportation	2,241
Other operating expenses	17,412
TOTAL OPERATING EXPENSES	219,217
OPERATING INCOME (LOSS)	(614)
NONOPERATING REVENUES (EXPENSES)	
Project cost contributions	3,037
Interest income	41
Interest expense	(6,477)
TOTAL NONOPERATING REVENUES (EXPENSES)	(3,399)
CHANGE IN NET POSITION	(4,013)
NET POSITION - JANUARY 1	842,663
NET POSITION - DECEMBER 31	\$ 838,650

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, 2015

	Enterprise Fund Water Department
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 198,030
Other receipts	21,203
Payments to employees	(54,430)
Payments to suppliers	(119,255)
Net cash provided (used) by operating activities	<u>45,548</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	41
Net cash provided (used) by investing activities	<u>41</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Loan proceeds	532,031
Capital asset purchased with grants	3,037
Principal paid on capital debt	(178,783)
Purchase of capital assets (net)	(359,184)
Net cash provided (used) by capital and related financing activities	<u>(9,376)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,213
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>37,112</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u><u>\$ 73,325</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (614)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	30,053
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	630
(Decrease) increase in accounts payable	12,533
(Decrease) increase in accrued expenses	2,946
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 45,548</u></u>

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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 Statement No. 39 and No. 61.

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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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. Non-operating 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, liabilities, 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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. No supplemental budgetary appropriations were necessary during the fiscal year
5. The Town did not adopt budgets for the special revenue funds.

Deposits and Investments

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

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.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as December 31, 2015.

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.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2015, the Town's liability for compensated absences is \$4,895.

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

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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,

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 8, 2015 on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due on August 31, 2015. Interest on unpaid taxes commenced on September 1, 2015 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 \$99,606 for the year ended December 31, 2015.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (grant income/expenses).

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

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.

TOWN OF STONINGTON, MAINE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2015, the Town's cash balance amounting to \$2,503,724 was comprised of bank deposits of \$2,538,261. Of these bank deposits, \$750,000 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$1,788,261 was collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,846,252
Savings	692,009
	<u>\$ 2,538,261</u>

Investments:

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

At December 31, 2015, 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, 2015

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2015 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 91,694	\$ 123,695
Nonmajor special revenue funds	61,729	663
Nonmajor capital projects funds	61,966	90,582
Nonmajor permanent funds	-	449
Totals	<u>\$ 215,389</u>	<u>\$ 215,389</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at December 31, 2015:

	Balance 1/1/15	Additions	Disposals	Balance 12/31/15
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 5,786,500	\$ -	\$ -	\$ 5,786,500
	<u>5,786,500</u>	<u>-</u>	<u>-</u>	<u>5,786,500</u>
Depreciated assets:				
Buildings	2,058,111	-	-	2,058,111
Building improvements	86,825	4,900	-	91,725
Land improvements	405,348	-	-	405,348
Machinery & equipment	541,854	40,110	-	581,964
Vehicles	803,009	-	-	803,009
Infrastructure	252,422	141,085	-	393,507
	4,147,569	186,095	-	4,333,664
Less: accumulated depreciation	(2,676,147)	(131,262)	-	(2,807,409)
	<u>1,471,422</u>	<u>54,833</u>	<u>-</u>	<u>1,526,255</u>
Net capital assets	<u>\$ 7,257,922</u>	<u>\$ 54,833</u>	<u>\$ -</u>	<u>\$ 7,312,755</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Business-type activities:

Non-depreciated assets:

Land	\$ 66,667	\$ -	\$ -	\$ 66,667
Construction in progress	261,021	381,986	-	643,007
	<u>327,688</u>	<u>381,986</u>	<u>-</u>	<u>709,674</u>

Depreciated assets:

Building improvements	7,469	-	-	7,469
Machinery & equipment	345,741	-	-	345,741
Infrastructure / mains, etc	1,455,551	7,251	-	1,462,802
	<u>1,808,761</u>	<u>7,251</u>	<u>-</u>	<u>1,816,012</u>

Less: accumulated depreciation	<u>(964,361)</u>	<u>(30,053)</u>	<u>-</u>	<u>(994,414)</u>
	<u>844,400</u>	<u>(22,802)</u>	<u>-</u>	<u>821,598</u>
Net capital assets	<u>\$ 1,172,088</u>	<u>\$ 359,184</u>	<u>\$ -</u>	<u>\$ 1,531,272</u>

Current year depreciation:

General government	\$ 8,669
Public safety	30,433
Public works	76,211
Water department	30,053
Health and sanitation	300
Town-wide	15,649
Total depreciation expenses	<u>\$ 161,315</u>

NOTE 5 – LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2015:

	Balance 1/1/15	Additions	Reductions	Balance 12/31/15	Current Portion
Notes payable - governmental	\$ 257,842	\$ -	\$ (32,706)	\$ 225,136	\$ 33,536
Bonds / Notes payable - business-type	178,783	757,000	(178,783)	757,000	10,924
Capital leases payable - governmental	34,185	-	(15,474)	18,711	16,038
Accrued compensated absences	4,895	-	-	4,895	4,895
Totals	<u>\$ 475,705</u>	<u>\$ 757,000</u>	<u>\$ (226,963)</u>	<u>\$ 1,005,742</u>	<u>\$ 65,393</u>

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 5 – LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding notes payable:

Notes payable - governmental activities

2010 First National Bank note of \$35,000 for school building. Interest is stated at 3.8%. Monthly payments include both principal and interest in the amount of \$352 until November 2020.	\$ 18,608
2012 Bar Harbor Bank & Trust note of \$315,000 for Moose Island Causeway. Interest is stated at 3.8%. Monthly payments include both principal and interest in the amount of \$2,625 until June 2022.	<u>206,528</u>
Total notes payable - governmental activities	<u>225,136</u>

Bonds payable - business-type activities

2015 Rural Utilities Service note for water company. Interest is stated at 2.625%. Annual payments of \$30,795 include both principal and interest.	<u>757,000</u>
Total bonds payable - business-type funds	<u>757,000</u>
Total notes payable	<u><u>\$ 982,136</u></u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 5 – LONG TERM DEBT (CONTINUED)

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

Governmental Activities	Principal	Interest	Total Debt Service
2016	\$ 33,536	\$ 5,430	\$ 38,966
2017	34,420	4,545	38,965
2018	35,312	3,655	38,967
2019	36,227	2,740	38,967
2020	33,011	2,657	35,668
2021-2025	52,630	234	52,864
	<u>\$ 225,136</u>	<u>\$ 19,261</u>	<u>\$ 244,397</u>
Business-type Activities	Principal	Interest	Total Debt Service
2016	\$ 10,924	\$ 19,871	\$ 30,795
2017	11,211	19,584	30,795
2018	11,505	19,290	30,795
2019	11,807	18,988	30,795
2020	12,117	18,678	30,795
2021-2025	65,525	88,450	153,975
2026-3030	74,587	79,388	153,975
2031-3035	84,905	69,070	153,975
2036-2040	96,649	57,326	153,975
2041-2045	110,020	43,955	153,975
2046-2050	125,238	28,737	153,975
2051-2055	142,512	11,463	153,975
	<u>\$ 757,000</u>	<u>\$ 474,800</u>	<u>\$ 1,231,800</u>

TOWN OF STONINGTON, MAINE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015

NOTE 5 – LONG TERM DEBT (CONTINUED)

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

Year Ending <u>December 31,</u>	
2016	\$ 16,368
2017	2,728
2018	-
2019	-
2020	-
Total minimum lease payment	<u>19,096</u>
Less amount representing interest	<u>(385)</u>
Present value of future minimum lease payments	<u><u>\$ 18,711</u></u>

NOTE 6 - NONSPENDABLE FUND BALANCES

At December 31, 2015, the Town has the following nonspendable fund balances:

Nonmajor capital projects funds (Schedule F)	<u><u>\$ 5,500</u></u>
--	------------------------

NOTE 7 – RESTRICTED FUND BALANCES

At December 31, 2015, the Town has the following restricted fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 205,764
Nonmajor permanent funds (Schedule H)	59,700
	<u><u>\$ 265,464</u></u>

NOTE 8 – COMMITTED FUND BALANCE

At December 31, 2015, the Town has the following committed fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 12,317
Nonmajor capital projects funds (Schedule F)	795,314
	<u><u>\$ 807,631</u></u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9 – RISK MANAGEMENT

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

NOTE 10 – CONTINGENCIES

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

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

NOTE 11 – EXPENDITURES OVER APPROPRIATIONS

The Town had the following overspent appropriations at December 31, 2015:

Street lights	\$ 212
Hancock County RCC	30
Tax discounts	5,047
Sand beach	867
	<u>\$ 6,156</u>

NOTE 12 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of December 31, 2015:

Nonmajor special revenue funds:	
Community center generator	\$ 663
	<u>\$ 663</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015, the Town's share was as follows:

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

NOTE 14 - JOINT VENTURE

The Town of Stonington is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2014 (most recent data available), the Town of Stonington's share of the Joint Venture's net position was \$197,891. Complete financial statements may be obtained from the Municipal Review Committee, 40 Harlow Street, Bangor, Maine 04401.

NOTE 15 – COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, January 1	\$ 1,129,088	\$ 1,129,088	\$ 1,129,088	\$ -
Resources (Inflows):				
Property taxes	3,661,069	3,661,069	3,639,714	(21,355)
Excise taxes	-	-	251,527	251,527
Intergovernmental	49,716	49,716	70,178	20,462
Charges for services	-	-	77,966	77,966
Interest/Costs on liens	-	-	13,389	13,389
Investment income, net	-	-	2,702	2,702
Other revenues	-	-	20,808	20,808
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>4,839,873</u>	<u>4,839,873</u>	<u>5,205,372</u>	<u>365,499</u>
Charges to Appropriations (Outflows):				
General government	336,750	336,750	319,547	17,203
Public safety	209,338	203,675	195,463	8,212
Health and sanitation	240,150	240,150	235,488	4,662
Public works	557,800	557,800	510,428	47,372
Special assessments	2,097,152	2,097,152	2,097,152	-
Social services	10,829	10,829	8,524	2,305
Culture and recreation	27,720	17,659	14,832	2,827
Unclassified	186,902	186,902	124,805	62,097
Debt service	74,844	74,844	74,777	67
Transfers to other funds	186,100	233,032	233,032	-
Total Charges to Appropriation	<u>3,927,585</u>	<u>3,958,793</u>	<u>3,814,048</u>	<u>144,745</u>
Budgetary Fund Balance, December 31	<u>\$ 912,288</u>	<u>\$ 881,080</u>	<u>\$ 1,391,324</u>	<u>\$ 510,244</u>
Utilization of unassigned fund balance	<u>\$ 216,800</u>	<u>\$ 248,008</u>	<u>\$ -</u>	<u>\$ (248,008)</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, 2015

	Appropriations	Budget Adjustments	Total Available	Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 95,880	\$ -	\$ 95,880	\$ 88,766	\$ 7,114
Wages, salaries and taxes	159,988	-	159,988	154,870	5,118
Employee healthcare	54,932	-	54,932	51,668	3,264
Town hall maintenance	23,800	-	23,800	23,023	777
Planning board	1,900	-	1,900	1,184	716
Appeals board	250	-	250	36	214
Total	<u>336,750</u>	<u>-</u>	<u>336,750</u>	<u>319,547</u>	<u>17,203</u>
PUBLIC SAFETY					
Animal control	5,000	-	5,000	983	4,017
Hydrant rental	59,000	-	59,000	59,000	-
Code enforcement	15,600	-	15,600	11,672	3,928
Health officer	250	-	250	250	-
Fire department	49,000	(5,663)	43,337	43,337	-
911-Road signs	600	-	600	298	302
Sheriff services	69,888	-	69,888	69,711	177
Street lights	10,000	-	10,000	10,212	(212)
Total	<u>209,338</u>	<u>(5,663)</u>	<u>203,675</u>	<u>195,463</u>	<u>8,212</u>
HEALTH AND SANITATION					
Transfer station	240,150	-	240,150	235,488	4,662
Total	<u>240,150</u>	<u>-</u>	<u>240,150</u>	<u>235,488</u>	<u>4,662</u>

TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations	Budget Adjustments	Total Available	Expenditures	Variance Positive (Negative)
PUBLIC WORKS					
Town roads	260,800	-	260,800	239,297	21,503
Winter roads	233,700	-	233,700	211,856	21,844
Equipment	46,500	-	46,500	43,022	3,478
Town garage	11,800	-	11,800	11,253	547
Colwell ramp	5,000	-	5,000	5,000	-
Total	<u>557,800</u>	<u>-</u>	<u>557,800</u>	<u>510,428</u>	<u>47,372</u>
SPECIAL ASSESSMENTS					
School	1,983,874	-	1,983,874	1,983,874	-
County tax	113,278	-	113,278	113,278	-
Total	<u>2,097,152</u>	<u>-</u>	<u>2,097,152</u>	<u>2,097,152</u>	<u>-</u>
SOCIAL SERVICES					
General assistance	2,500	-	2,500	195	2,305
Hancock County Homecare	600	-	600	600	-
Eastern Area Agency on Aging	2,600	-	2,600	2,600	-
WHCA	3,729	-	3,729	3,729	-
YMCA	800	-	800	800	-
American Red Cross	600	-	600	600	-
Total	<u>10,829</u>	<u>-</u>	<u>10,829</u>	<u>8,524</u>	<u>2,305</u>
CULTURE AND RECREATION					
Stonington Library	4,000	-	4,000	4,000	-
Island Recreation Board	1,500	-	1,500	1,500	-
Athletic field	10,000	(9,845)	155	155	-
Town parks	12,220	(216)	12,004	9,177	2,827
Total	<u>27,720</u>	<u>(10,061)</u>	<u>17,659</u>	<u>14,832</u>	<u>2,827</u>

TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>	<u>Budget Adjustments</u>	<u>Total Available</u>	<u>Expenditures</u>	<u>Variance Positive (Negative)</u>
DEBT SERVICE					
Backhoe	16,400	-	16,400	16,370	30
Fire truck	23,700	-	23,700	23,664	36
Moose island causeway	34,744	-	34,744	34,743	1
Total	<u>74,844</u>	<u>-</u>	<u>74,844</u>	<u>74,777</u>	<u>67</u>
UNCLASSIFIED					
Downeast Transportation	800	-	800	800	-
Economic Development	18,500	-	18,500	18,500	-
Hancock County RCC	4,100	-	4,100	4,130	(30)
Fourth of July	3,000	-	3,000	3,000	-
Child & Family opportunities	2,800	-	2,800	2,800	-
Healthy Island	2,500	-	2,500	2,500	-
Hancock County Planning	1,220	-	1,220	1,220	-
Chamber of Commerce	600	-	600	600	-
Memorial Day	450	-	450	450	-
Hospice of Hancock County	7,526	-	7,526	7,526	-
Island community center	10,800	-	10,800	10,800	-
Tax discounts	23,000	-	23,000	28,047	(5,047)
Sand beach	7,500	-	7,500	8,367	(867)
Cemeteries	4,500	-	4,500	3,067	1,433
Overlay/Abatements	99,606	-	99,606	32,998	66,608
Total	<u>186,902</u>	<u>-</u>	<u>186,902</u>	<u>124,805</u>	<u>62,097</u>
Transfer to other funds	186,100	46,932	233,032	233,032	-
Total	<u>186,100</u>	<u>46,932</u>	<u>233,032</u>	<u>233,032</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 3,927,585</u>	<u>\$ 31,208</u>	<u>\$ 3,958,793</u>	<u>\$ 3,814,048</u>	<u>\$ 144,745</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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Property taxes	\$ 3,661,069	\$ 3,661,069	\$ 3,639,714	\$ (21,355)
Excise taxes:				
Auto excise	-	-	251,527	251,527
Intergovernmental revenues:				
State revenue sharing	27,902	27,902	28,704	802
Homestead exemption	21,283	21,283	19,452	(1,831)
Local road assistance	-	-	19,044	19,044
BETE reimbursement	531	531	-	(531)
Tree growth	-	-	2,483	2,483
Other intergovernmental	-	-	495	495
Interest/Investment income, net	-	-	2,702	2,702
Interest/Costs on liens	-	-	13,389	13,389
Charges for services:				
Municipal agent fees	-	-	9,052	9,052
Snow removal contract	-	-	11,395	11,395
Building permits	-	-	5,000	5,000
Tipping fees	-	-	21,551	21,551
Demo debris income	-	-	18,020	18,020
Trash fees	-	-	7,947	7,947
Other fees	-	-	1,310	1,310
In lieu of taxes	-	-	3,691	3,691
Other income:				
CATV fee	-	-	3,408	3,408
Miscellaneous	-	-	17,400	17,400
TOTAL REVENUES	<u>3,710,785</u>	<u>3,710,785</u>	<u>4,076,284</u>	<u>365,499</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 3,710,785</u>	<u>\$ 3,710,785</u>	<u>\$ 4,076,284</u>	<u>\$ 365,499</u>

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

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 110,305	\$ 834,271	\$ 60,149	\$ 1,004,725
Due from other funds	61,729	61,966	-	123,695
Inventory	-	5,500	-	5,500
Loans receivable	46,047	-	-	46,047
TOTAL ASSETS	<u><u>\$ 218,081</u></u>	<u><u>\$ 901,737</u></u>	<u><u>\$ 60,149</u></u>	<u><u>\$ 1,179,967</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ 10,341	\$ -	\$ 10,341
Due to other funds	663	90,582	449	91,694
TOTAL LIABILITIES	<u><u>663</u></u>	<u><u>100,923</u></u>	<u><u>449</u></u>	<u><u>102,035</u></u>
FUND BALANCES				
Nonspendable	-	5,500	-	5,500
Restricted	205,764	-	59,700	265,464
Committed	12,317	795,314	-	807,631
Assigned	-	-	-	-
Unassigned	(663)	-	-	(663)
TOTAL FUND BALANCES	<u><u>217,418</u></u>	<u><u>800,814</u></u>	<u><u>59,700</u></u>	<u><u>1,077,932</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 218,081</u></u>	<u><u>\$ 901,737</u></u>	<u><u>\$ 60,149</u></u>	<u><u>\$ 1,179,967</u></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, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental income	\$ 12,299	\$ -	\$ -	\$ 12,299
Charges for services	-	857,871	-	857,871
Investment income	1,521	1,370	244	3,135
Other income	2,500	26,661	-	29,161
TOTAL REVENUES	<u>16,320</u>	<u>885,902</u>	<u>244</u>	<u>902,466</u>
EXPENDITURES				
Capital outlay	-	62,362	-	62,362
Debt service	-	7,444	-	7,444
Other	31,925	768,062	-	799,987
TOTAL EXPENDITURES	<u>31,925</u>	<u>837,868</u>	<u>-</u>	<u>869,793</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,605)</u>	<u>48,034</u>	<u>244</u>	<u>32,673</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	30,916	258,928	-	289,844
Transfers (out)	(6,812)	(50,000)	-	(56,812)
TOTAL OTHER FINANCING SOURCES (USES)	<u>24,104</u>	<u>208,928</u>	<u>-</u>	<u>233,032</u>
NET CHANGE IN FUND BALANCES	8,499	256,962	244	265,705
FUND BALANCES - JANUARY 1	<u>208,919</u>	<u>543,852</u>	<u>59,456</u>	<u>812,227</u>
FUND BALANCES - DECEMBER 31	<u>\$ 217,418</u>	<u>\$ 800,814</u>	<u>\$ 59,700</u>	<u>\$ 1,077,932</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, 2015

	Colwell Ramp	Moose Island Survey	MMA Safety Grant	CDBG Grant	Lobster Working Group	Bayview Street Repair	Community Center Generator	Urgent Need Grant
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	19,551	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	663	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>663</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	19,551	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(663)	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,551</u>	<u>-</u>	<u>-</u>	<u>(663)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET- NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015

	Heating Fund	Genesis Study	MCF Housing	Microloan Program	CDBG Grant	CDBG Comm Enterprise Microloan	SHIP Grant	Totals
ASSETS								
Cash and cash equivalents	\$ 10,141	\$ -	\$ -	\$ 100,164	\$ -	\$ -	\$ -	\$ 110,305
Due from other funds	2,000	176	2,000	38,002	-	-	-	61,729
Loans receivable	-	-	-	46,047	-	-	-	46,047
TOTAL ASSETS	<u>\$ 12,141</u>	<u>\$ 176</u>	<u>\$ 2,000</u>	<u>\$ 184,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,081</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	663
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>663</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	2,000	184,213	-	-	-	205,764
Committed	12,141	176	-	-	-	-	-	12,317
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(663)
TOTAL FUND BALANCES	<u>12,141</u>	<u>176</u>	<u>2,000</u>	<u>184,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,418</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,141</u>	<u>\$ 176</u>	<u>\$ 2,000</u>	<u>\$ 184,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,081</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, 2015

	Colwell Ramp	Moose Island Survey	MMA Safety Grant	CDBG Grant	Lobster Working Group	Bayview Street Repair	Community Center Generator	Urgent Need Grant
REVENUES								
Intergovernmental income	\$ -	\$ -	\$ 8,099	\$ -	\$ -	\$ -	\$ 4,200	\$ -
Investment income	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	8,099	-	-	-	4,200	-
EXPENDITURES								
Other	-	-	-	7,552	568	-	23,085	-
TOTAL EXPENDITURES	-	-	-	7,552	568	-	23,085	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	8,099	(7,552)	(568)	-	(18,885)	-
OTHER FINANCING SOURCES (USES)								
Transfers in	4,725	980	-	-	25	-	-	-
Transfers (out)	-	-	-	-	-	(6,737)	-	(75)
TOTAL OTHER FINANCING SOURCES (USES)	4,725	980	-	-	25	(6,737)	-	(75)
NET CHANGE IN FUND BALANCES	4,725	980	8,099	(7,552)	(543)	(6,737)	(18,885)	(75)
FUND BALANCES - JANUARY 1	(4,725)	(980)	(8,099)	27,103	543	6,737	18,222	75
FUND BALANCES - DECEMBER 31	\$ -	\$ -	\$ -	\$ 19,551	\$ -	\$ -	\$ (663)	\$ -

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Heating Fund	Genesis Study	MCF Housing	Microloan Program	CDBG Grant	CDBG Comm Enterprise Microloan	SHIP Grant	Totals
REVENUES								
Intergovernmental income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,299
Investment income	43	-	-	1,478	-	-	-	1,521
Other income	2,500	-	-	-	-	-	-	2,500
TOTAL REVENUES	<u>2,543</u>	<u>-</u>	<u>-</u>	<u>1,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,320</u>
EXPENDITURES								
Other	500	-	-	220	-	-	-	31,925
TOTAL EXPENDITURES	<u>500</u>	<u>-</u>	<u>-</u>	<u>220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,925</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,043</u>	<u>-</u>	<u>-</u>	<u>1,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,605)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	738	312	24,136	30,916
Transfers (out)	-	-	-	-	-	-	-	(6,812)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>738</u>	<u>312</u>	<u>24,136</u>	<u>24,104</u>
NET CHANGE IN FUND BALANCES	2,043	-	-	1,258	738	312	24,136	8,499
FUND BALANCES - JANUARY 1	<u>10,098</u>	<u>176</u>	<u>2,000</u>	<u>182,955</u>	<u>(738)</u>	<u>(312)</u>	<u>(24,136)</u>	<u>208,919</u>
FUND BALANCES - DECEMBER 31	<u>\$ 12,141</u>	<u>\$ 176</u>	<u>\$ 2,000</u>	<u>\$ 184,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,418</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, 2015

	<u>Airport</u>	<u>Athletic Field</u>	<u>Seawall Reserve</u>	<u>Conservation Commission</u>	<u>Fire Dept Capital</u>	<u>Fish Pier</u>	<u>Gym Building</u>	<u>Harbor</u>
ASSETS								
Cash and cash equivalents	\$ 7,799	\$ 489	\$ 261,230	\$ 4,468	\$ 109,491	\$ 127,947	\$ 19,904	\$ 84,606
Due from other funds	1,575	9,835	-	-	5,667	17,032	-	9,736
Inventory	-	-	-	-	-	5,500	-	-
TOTAL ASSETS	<u>\$ 9,374</u>	<u>\$ 10,324</u>	<u>\$ 261,230</u>	<u>\$ 4,468</u>	<u>\$ 115,158</u>	<u>\$ 150,479</u>	<u>\$ 19,904</u>	<u>\$ 94,342</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,341	\$ -	\$ -
Due to other funds	-	-	30,303	50	-	-	9,369	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>30,303</u>	<u>50</u>	<u>-</u>	<u>10,341</u>	<u>9,369</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	5,500	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	9,374	10,324	230,927	4,418	115,158	134,638	10,535	94,342
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>9,374</u>	<u>10,324</u>	<u>230,927</u>	<u>4,418</u>	<u>115,158</u>	<u>140,138</u>	<u>10,535</u>	<u>94,342</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,374</u>	<u>\$ 10,324</u>	<u>\$ 261,230</u>	<u>\$ 4,468</u>	<u>\$ 115,158</u>	<u>\$ 150,479</u>	<u>\$ 19,904</u>	<u>\$ 94,342</u>

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2015

	Playground Reserve	Rainy Day Reserve	Road Equipment	School Building	Shellfish
ASSETS					
Cash and cash equivalents	\$ 2,545	\$ 15,506	\$ 73,003	\$ 26,005	\$ 26,250
Due from other funds	-	-	-	18,121	-
Inventory	-	-	-	-	-
TOTAL ASSETS	<u>\$ 2,545</u>	<u>\$ 15,506</u>	<u>\$ 73,003</u>	<u>\$ 44,126</u>	<u>\$ 26,250</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,836	-	30,160	-	547
TOTAL LIABILITIES	<u>1,836</u>	<u>-</u>	<u>30,160</u>	<u>-</u>	<u>547</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	709	15,506	42,843	44,126	25,703
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>709</u>	<u>15,506</u>	<u>42,843</u>	<u>44,126</u>	<u>25,703</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,545</u>	<u>\$ 15,506</u>	<u>\$ 73,003</u>	<u>\$ 44,126</u>	<u>\$ 26,250</u>

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2015

	Swimming Pool	Town Hall	Harbor Float	Transfer Station	Unemploy Fund	Totals
ASSETS						
Cash and cash equivalents	\$ 1,822	\$ 21,991	\$ 14,745	\$ 26,401	\$ 10,069	\$ 834,271
Due from other funds	-	-	-	-	-	61,966
Inventory	-	-	-	-	-	5,500
TOTAL ASSETS	<u>\$ 1,822</u>	<u>\$ 21,991</u>	<u>\$ 14,745</u>	<u>\$ 26,401</u>	<u>\$ 10,069</u>	<u>\$ 901,737</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,341
Due to other funds	-	3,221	-	6,578	8,518	90,582
TOTAL LIABILITIES	<u>-</u>	<u>3,221</u>	<u>-</u>	<u>6,578</u>	<u>8,518</u>	<u>100,923</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	5,500
Restricted	-	-	-	-	-	-
Committed	1,822	18,770	14,745	19,823	1,551	795,314
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,822</u>	<u>18,770</u>	<u>14,745</u>	<u>19,823</u>	<u>1,551</u>	<u>800,814</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,822</u>	<u>\$ 21,991</u>	<u>\$ 14,745</u>	<u>\$ 26,401</u>	<u>\$ 10,069</u>	<u>\$ 901,737</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, 2015

	<u>Airport</u>	<u>Athletic Field</u>	<u>Seawall Reserve</u>	<u>Conservation Commission</u>	<u>Fire Dept Capital</u>	<u>Fish Pier</u>	<u>Gym Building</u>	<u>Harbor</u>
REVENUES								
Charges for services	\$ 3,169	\$ -	\$ -	\$ -	\$ -	\$ 717,311	\$ -	\$ 64,970
Investment income	31	3	-	18	401	64	77	17
Other income	-	-	-	-	4	12,074	-	14,483
TOTAL REVENUES	<u>3,200</u>	<u>3</u>	<u>-</u>	<u>18</u>	<u>405</u>	<u>729,449</u>	<u>77</u>	<u>79,470</u>
EXPENDITURES								
Capital outlay	-	-	29,902	-	-	20,982	4,900	-
Debt service	-	-	-	-	-	-	-	-
Other	1,594	-	-	50	-	681,445	2,397	26,454
TOTAL EXPENDITURES	<u>1,594</u>	<u>-</u>	<u>29,902</u>	<u>50</u>	<u>-</u>	<u>702,427</u>	<u>7,297</u>	<u>26,454</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,606</u>	<u>3</u>	<u>(29,902)</u>	<u>(32)</u>	<u>405</u>	<u>27,022</u>	<u>(7,220)</u>	<u>53,016</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	9,845	178,367	100	15,663	-	2,000	6,737
Transfers (out)	-	-	-	-	-	-	-	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>9,845</u>	<u>178,367</u>	<u>100</u>	<u>15,663</u>	<u>-</u>	<u>2,000</u>	<u>(43,263)</u>
NET CHANGE IN FUND BALANCES	1,606	9,848	148,465	68	16,068	27,022	(5,220)	9,753
FUND BALANCES - JANUARY 1	<u>7,768</u>	<u>476</u>	<u>82,462</u>	<u>4,350</u>	<u>99,090</u>	<u>113,116</u>	<u>15,755</u>	<u>84,589</u>
FUND BALANCES - DECEMBER 31	<u>\$ 9,374</u>	<u>\$ 10,324</u>	<u>\$ 230,927</u>	<u>\$ 4,418</u>	<u>\$ 115,158</u>	<u>\$ 140,138</u>	<u>\$ 10,535</u>	<u>\$ 94,342</u>

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Playground Reserve</u>	<u>Rainy Day Reserve</u>	<u>Road Equipment</u>	<u>Public Safety Reserve</u>	<u>School Building</u>	<u>Shellfish</u>
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 51,741	\$ 20,680
Investment income	10	62	218	-	107	86
Other income	100	-	-	-	-	-
TOTAL REVENUES	<u>110</u>	<u>62</u>	<u>218</u>	<u>-</u>	<u>51,848</u>	<u>20,766</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	4,223	-
Other	-	-	-	-	29,397	21,227
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,620</u>	<u>21,227</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>110</u>	<u>62</u>	<u>218</u>	<u>-</u>	<u>18,228</u>	<u>(461)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	216	-	30,000	-	1,000	5,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>216</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>1,000</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCES	326	62	30,218	-	19,228	4,539
FUND BALANCES - JANUARY 1	<u>383</u>	<u>15,444</u>	<u>12,625</u>	<u>-</u>	<u>24,898</u>	<u>21,164</u>
FUND BALANCES - DECEMBER 31	<u>\$ 709</u>	<u>\$ 15,506</u>	<u>\$ 42,843</u>	<u>\$ -</u>	<u>\$ 44,126</u>	<u>\$ 25,703</u>

SCHEDULE G (CONTINUED)

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Swimming Pool	Town Hall	Harbor Float	Transfer Station	Unemploy Fund	Totals
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 857,871
Investment income	7	83	57	101	28	1,370
Other income	-	-	-	-	-	26,661
TOTAL REVENUES	<u>7</u>	<u>83</u>	<u>57</u>	<u>101</u>	<u>28</u>	<u>885,902</u>
EXPENDITURES						
Capital outlay	-	-	-	6,578	-	62,362
Debt service	-	3,221	-	-	-	7,444
Other	-	-	-	-	5,498	768,062
TOTAL EXPENDITURES	<u>-</u>	<u>3,221</u>	<u>-</u>	<u>6,578</u>	<u>5,498</u>	<u>837,868</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7</u>	<u>(3,138)</u>	<u>57</u>	<u>(6,477)</u>	<u>(5,470)</u>	<u>48,034</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	2,000	1,000	2,000	5,000	258,928
Transfers (out)	-	-	-	-	-	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,000</u>	<u>1,000</u>	<u>2,000</u>	<u>5,000</u>	<u>208,928</u>
NET CHANGE IN FUND BALANCES	7	(1,138)	1,057	(4,477)	(470)	256,962
FUND BALANCES - JANUARY 1	<u>1,815</u>	<u>19,908</u>	<u>13,688</u>	<u>24,300</u>	<u>2,021</u>	<u>543,852</u>
FUND BALANCES - DECEMBER 31	<u>\$ 1,822</u>	<u>\$ 18,770</u>	<u>\$ 14,745</u>	<u>\$ 19,823</u>	<u>\$ 1,551</u>	<u>\$ 800,814</u>

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

Permanent Funds

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

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2015

	<u>Cemetery Fund</u>	<u>Bartlett/ McDonald</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 58,801	\$ 1,348	\$ 60,149
Due from other funds	-	-	-
TOTAL ASSETS	<u>\$ 58,801</u>	<u>\$ 1,348</u>	<u>\$ 60,149</u>
LIABILITIES			
Due to other funds	\$ 449	\$ -	\$ 449
TOTAL LIABILITIES	<u>449</u>	<u>-</u>	<u>449</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	58,352	1,348	59,700
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>58,352</u>	<u>1,348</u>	<u>59,700</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 58,801</u>	<u>\$ 1,348</u>	<u>\$ 60,149</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, 2015

	Cemetery Fund	Bartlett/ McDonald	Totals
REVENUES			
Investment income	\$ 238	\$ 6	\$ 244
TOTAL REVENUES	<u>238</u>	<u>6</u>	<u>244</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>238</u>	<u>6</u>	<u>244</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	238	6	244
FUND BALANCES - JANUARY 1	<u>58,114</u>	<u>1,342</u>	<u>59,456</u>
FUND BALANCES - DECEMBER 31	<u>\$ 58,352</u>	<u>\$ 1,348</u>	<u>\$ 59,700</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, 2015

	Land and Construction in Progress	Buildings, Building Improvements, Land Improvements	Water Mains, Machinery & Equipment, Furniture/Fixtures, Vehicles	Infrastructure	Totals
Administration	\$ 148,800	\$ 493,911	\$ -	\$ -	\$ 642,711
Public safety	385,500	93,400	599,020	-	1,077,920
Public works	81,400	633,060	536,310	317,045	1,567,815
Water department	709,674	7,469	1,808,543	-	2,525,686
Health and sanitation	-	190,600	37,200	-	227,800
Town-wide	<u>5,170,800</u>	<u>1,144,213</u>	<u>212,443</u>	<u>76,462</u>	<u>6,603,918</u>
Total General Capital Assets	<u>6,496,174</u>	<u>2,562,653</u>	<u>3,193,516</u>	<u>393,507</u>	<u>12,645,850</u>
Less: Accumulated Depreciation	<u>-</u>	<u>(1,882,092)</u>	<u>(1,890,587)</u>	<u>(29,144)</u>	<u>(3,801,823)</u>
Net General Capital Assets	<u>\$ 6,496,174</u>	<u>\$ 680,561</u>	<u>\$ 1,302,929</u>	<u>\$ 364,363</u>	<u>\$ 8,844,027</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, 2015

	General Capital Assets 1/1/15	Additions	Deletions	General Capital Assets 12/31/15
Administration	\$ 642,711	\$ -	\$ -	\$ 642,711
Public safety	1,077,920	-	-	1,077,920
Public works	1,407,600	160,215	-	1,567,815
Water department	2,136,449	389,237	-	2,525,686
Health and sanitation	227,800	-	-	227,800
Town-wide	6,578,038	25,880	-	6,603,918
Total General Capital Assets	<u>12,070,518</u>	<u>575,332</u>	<u>-</u>	<u>12,645,850</u>
Less: Accumulated Depreciation	<u>(3,640,508)</u>	<u>(161,315)</u>	<u>-</u>	<u>(3,801,823)</u>
Net General Capital Assets	<u><u>\$ 8,430,010</u></u>	<u><u>\$ 414,017</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,844,027</u></u>

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

TOWN OF STONINGTON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2015

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 - loan	10.670	N/A	\$ 757,000	\$ -
Water Systems for Rural Communities - grant	10.670	N/A	51,746	-
Total Department of Agriculture			<u>808,746</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 808,746</u>	<u>\$ -</u>

TOWN OF STONINGTON, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2015

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, 2015. 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

- 1) 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.
- 2) 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, 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, 2015, 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 19, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
July 19, 2016



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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 Compliance 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, 2015. 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, 2015.

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 communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
July 19, 2016

TOWN OF STONINGTON, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 section 510(a) of Uniform Guidance? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.670	Rural Utilities Service Water Systems for Rural Communities

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

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None