

Audited Financial Statements and
Other Supplemental Information

Town of Stonington, Maine

December 31, 2018



Proven Expertise and Integrity

TOWN OF STONINGTON, MAINE

FINANCIAL STATEMENTS

DECEMBER 31, 2018

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	19
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	20
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	21
NOTES TO FINANCIAL STATEMENTS	22 - 40
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	41

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	42
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	43
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	44 - 46
SCHEDULE A-2 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	47
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	48
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	49
SPECIAL REVENUE FUNDS DESCRIPTION	50
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	51
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	52
CAPITAL PROJECTS FUNDS DESCRIPTION	53
SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	54 - 57
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	58 - 61
PERMANENT FUNDS DESCRIPTION	62
SCHEDULE H - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	63
SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	64

GENERAL CAPITAL ASSETS DESCRIPTION	65
SCHEDULE J - SCHEDULE OF CAPITAL ASSETS BY FUNCTION	66
SCHEDULE K - SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION	67

FEDERAL COMPLIANCE

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 <i>GOVERNMENT AUDITING STANDARDS</i>	68 - 69
--	---------



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Stonington, Maine
Stonington, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Town of Stonington, Maine, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of Stonington, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly,

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Maine as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 42 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset

schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2019, on our consideration of the Town of Stonington, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stonington, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
February 8, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

(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, 2018. 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 \$12,179,321 compared to \$11,473,254 in the prior year, an increase of

\$706,067. For the business-type activities total net position is \$2,199,859 as compared to \$2,153,559 in the prior year, an increase of \$46,300.

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 \$3,676,532 at the end of this year for governmental activities, an increase of \$894,460. The business-type activities unrestricted net position is a deficit balance of \$8,237, a decrease of \$289,453.

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

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Assets				
Current and other assets	\$ 4,028,950	\$ 3,460,925	\$ 38,038	\$ 283,626
Capital Assets	8,613,103	8,603,477	3,067,651	3,068,786
Total Assets	<u>12,642,053</u>	<u>12,064,402</u>	<u>3,105,689</u>	<u>3,352,412</u>
Liabilities				
Current Liabilities	122,303	431,713	65,423	338,924
Long-term Debt Outstanding	334,792	138,031	840,407	859,929
Total Liabilities	<u>457,095</u>	<u>569,744</u>	<u>905,830</u>	<u>1,198,853</u>
Deferred Inflows of Resources				
Prepaid Taxes	5,637	21,404	-	-
Total Deferred Inflows of Resources	<u>5,637</u>	<u>21,404</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	8,208,268	8,406,529	2,208,096	1,872,343
Restricted	294,521	284,653	-	-
Unrestricted (Deficit)	3,676,532	2,782,072	(8,237)	281,216
Total Net Position	<u>\$ 12,179,321</u>	<u>\$ 11,473,254</u>	<u>\$ 2,199,859</u>	<u>\$ 2,153,559</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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 1,133,525	\$ 929,762	\$ 221,472	\$ 198,273
Operating grants and contributions	19,092	19,260	162,746	1,104,540
<i>General revenues:</i>				
Property taxes	3,431,306	3,414,989	-	-
Excise taxes	247,796	259,782	-	-
Grants and contributions not restricted to specific programs	138,412	305,571	-	-
Investment income, net	15,991	10,713	158	85
Other revenue	250,300	97,214	13,012	10,081
Total Revenues	<u>5,236,422</u>	<u>5,037,291</u>	<u>397,388</u>	<u>1,312,979</u>
Expenses				
General government	366,481	333,161	-	-
Public safety	248,490	232,188	-	-
Health and sanitation	289,961	268,754	-	-
Public works	514,610	455,547	-	-
Special assessments	1,809,276	1,887,882	-	-
Social services	11,999	9,875	-	-
Culture and recreation	23,890	16,438	-	-
Unclassified	1,156,823	786,073	327,277	247,888
Capital outlay	-	22,154	-	-
Depreciation	71,308	85,050	-	-
Interest on long-term debt	37,517	83,395	23,811	18,152
Total Expenses	<u>4,530,355</u>	<u>4,180,517</u>	<u>351,088</u>	<u>266,040</u>
Change in Net Position	706,067	856,774	46,300	1,046,939
Net Position - January 1	<u>11,473,254</u>	<u>10,616,480</u>	<u>2,153,559</u>	<u>1,106,620</u>
Net Position - December 31	<u>\$ 12,179,321</u>	<u>\$ 11,473,254</u>	<u>\$ 2,199,859</u>	<u>\$ 2,153,559</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 3.95%, while total expenses increased by 8.37%. The largest increase in revenues was in charges for services and other revenue. Most of the Town's expenses were consistent with the previous year with minor increases or decreases. The biggest increase in expenses was in unclassified.

Revenues for the proprietary fund decreased by 69.73% from the prior year. This was mainly the result of a decrease in operating grants and contributions. Expenses for the proprietary fund were mostly consistent with the prior year.

Financial Analysis of the Town's Fund Statements

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

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

	2018	2017
Major Funds:		
General Fund:		
Unassigned	\$ 2,049,603	\$ 1,912,282
Total Major Funds	\$ 2,049,603	\$ 1,912,282
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 233,948	\$ 224,372
Committed	13,679	12,122
Unassigned	-	(663)
Capital Projects Funds:		
Nonspendable	2,195	12,935
Committed	1,572,306	965,297
Permanent Funds:		
Restricted	60,573	60,281
Total Nonmajor Funds	\$ 1,882,701	\$ 1,272,493

The general fund total fund balance increased by \$137,321 over the prior fiscal year due to positive budgetary variances in both revenues and expenditures that exceeded a budgeted use of fund balance. Nonmajor funds total fund balances increased by \$610,208 over the prior fiscal year mostly due to transfers from the general fund.

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

Budgetary Highlights

There was no difference between the original and final budget for the general fund with the exception of the use of unassigned fund balance for transfers to other funds.

The general fund actual revenues exceeded budget by \$675,050. All revenue categories exceeded budget.

The general fund actual expenditures were under the budget by \$232,771. All expenditures were within or under budget.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2018, the net book value of capital assets recorded by the Town increased by \$8,491. This increase is a result of the purchase of assets of \$379,527 less annual depreciation expense of \$371,036. 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,**

	2018	2017
Land and construction in progress	\$ 9,173,714	\$ 9,173,714
Buildings, building improvements and land improvements	800,151	820,961
Water mains, machinery and equipment furniture/fixtures, vehicles	1,291,798	1,141,166
Infrastructure	415,091	536,422
Total	\$ 11,680,754	\$ 11,672,263

Debt

At December 31, 2018, the Town had \$1,264,390 in notes and bonds outstanding versus \$1,075,276 in the prior year. Other obligations include accrued vacation and sick time. Refer to Note 5 of Notes to Financial Statements for additional information.

Economic Factors and Next Year's Budgets and Rates

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

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at P.O. Box 9, Stonington, Maine 04681.

TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,771,346	\$ 34,784	\$ 3,806,130
Accounts receivable (net of allowance for uncollectibles):			
Taxes	114,697	-	114,697
Liens	20,903	-	20,903
Loans	45,928	-	45,928
Other	22,089	3,254	25,343
Due from other governments	51,792	-	51,792
Inventory	2,195	-	2,195
Total current assets	<u>4,028,950</u>	<u>38,038</u>	<u>4,066,988</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	5,936,500	66,667	6,003,167
Buildings and vehicles, net of accumulated depreciation	2,676,603	3,000,984	5,677,587
Total noncurrent assets	<u>8,613,103</u>	<u>3,067,651</u>	<u>11,680,754</u>
TOTAL ASSETS	<u><u>\$ 12,642,053</u></u>	<u><u>\$ 3,105,689</u></u>	<u><u>\$ 15,747,742</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 14,602	\$ 45,654	\$ 60,256
Payroll related liabilities	6,132	-	6,132
Other liabilities	5,777	621	6,398
Due to other governments	1,058	-	1,058
Current portion of long-term obligations	94,734	19,148	113,882
Total current liabilities	<u>122,303</u>	<u>65,423</u>	<u>187,726</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Notes payable	117,660	-	117,660
Bonds payable	196,145	840,407	1,036,552
Accrued compensated absences	20,987	-	20,987
Total noncurrent liabilities	<u>334,792</u>	<u>840,407</u>	<u>1,175,199</u>
TOTAL LIABILITIES	<u>457,095</u>	<u>905,830</u>	<u>1,362,925</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	5,637	-	5,637
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,637</u>	<u>-</u>	<u>5,637</u>
NET POSITION			
Net investment in capital assets	8,208,268	2,208,096	10,416,364
Restricted	294,521	-	294,521
Unrestricted	3,676,532	(8,237)	3,668,295
TOTAL NET POSITION	<u>12,179,321</u>	<u>2,199,859</u>	<u>14,379,180</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 12,642,053</u></u>	<u><u>\$ 3,105,689</u></u>	<u><u>\$ 15,747,742</u></u>

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

TOWN OF STONINGTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

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	\$ 366,481	\$ 23,646	\$ -	\$ -	\$ (342,835)	\$ -	\$ (342,835)
Public safety	248,490	1,539	-	-	(246,951)	-	(246,951)
Health and sanitation	289,961	32,384	-	-	(257,577)	-	(257,577)
Public works	514,610	16,380	19,092	-	(479,138)	-	(479,138)
Special assessments	1,809,276	-	-	-	(1,809,276)	-	(1,809,276)
Social services	11,999	-	-	-	(11,999)	-	(11,999)
Culture and recreation	23,890	-	-	-	(23,890)	-	(23,890)
Unclassified	1,156,823	1,059,576	-	-	(97,247)	-	(97,247)
Unallocated depreciation (Note 4)*	71,308	-	-	-	(71,308)	-	(71,308)
Interest on long-term debt	37,517	-	-	-	(37,517)	-	(37,517)
Total governmental activities	4,530,355	1,133,525	19,092	-	(3,377,738)	-	(3,377,738)
Business-type activities:							
Water department	351,088	221,472	162,746	-	-	33,130	33,130
Total business-type activities	351,088	221,472	162,746	-	-	33,130	33,130
Total government	\$ 4,881,443	\$ 1,354,997	\$ 181,838	\$ -	(3,377,738)	33,130	(3,344,608)

* 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, 2018

	Governmental Activities	Business-type Activities	Total
Changes In net position:			
Net (expense) revenue	(3,377,738)	33,130	(3,344,608)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	3,431,306	-	3,431,306
Excise taxes	247,796	-	247,796
Grants and contributions not restricted to specific programs	138,412	-	138,412
Investment income, net	15,991	158	16,149
Other income	250,300	13,012	263,312
Total general revenues	4,083,805	13,170	4,096,975
Change in net position	706,067	46,300	752,367
NET POSITION - JANUARY 1	11,473,254	2,153,559	13,626,813
NET POSITION - DECEMBER 31	\$ 12,179,321	\$ 2,199,859	\$ 14,379,180

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

TOWN OF STONINGTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 2,473,303	\$ 1,298,043	\$ 3,771,346
Accounts receivable (net of allowance for uncollectibles):			
Taxes	114,697	-	114,697
Liens	20,903	-	20,903
Loans	-	45,928	45,928
Other	22,089	-	22,089
Due from other governments	51,792	-	51,792
Inventory	-	2,195	2,195
Due from other funds	218,472	755,007	973,479
TOTAL ASSETS	<u><u>\$ 2,901,256</u></u>	<u><u>\$ 2,101,173</u></u>	<u><u>\$ 5,002,429</u></u>
LIABILITIES			
Accounts payable	\$ 14,602	\$ -	\$ 14,602
Payroll related liabilities	6,132	-	6,132
Other payables	5,777	-	5,777
Due to other governments	1,058	-	1,058
Due to other funds	755,007	218,472	973,479
TOTAL LIABILITIES	<u><u>782,576</u></u>	<u><u>218,472</u></u>	<u><u>1,001,048</u></u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	5,637	-	5,637
Deferred revenue	63,440	-	63,440
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>69,077</u></u>	<u><u>-</u></u>	<u><u>69,077</u></u>
FUND BALANCES			
Nonspendable	-	2,195	2,195
Restricted	-	294,521	294,521
Committed	-	1,585,985	1,585,985
Unassigned	2,049,603	-	2,049,603
TOTAL FUND BALANCES	<u><u>2,049,603</u></u>	<u><u>1,882,701</u></u>	<u><u>3,932,304</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 2,901,256</u></u>	<u><u>\$ 2,101,173</u></u>	<u><u>\$ 5,002,429</u></u>

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

TOWN OF STONINGTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Total Governmental Funds
Total Fund Balances	\$ 3,932,304
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	8,613,103
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	63,440
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	(24,691)
Bond payable	(231,359)
Notes payable	(173,476)
	\$ 12,179,321
Net position of governmental activities	

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

TOWN OF STONINGTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes:			
Property Taxes	\$ 3,515,366	\$ -	\$ 3,515,366
Excise taxes	247,796	-	247,796
Intergovernmental	117,012	40,492	157,504
Charges for services	73,949	1,059,576	1,133,525
Interest/costs on liens	16,948	-	16,948
Investment income, net	7,493	8,498	15,991
Other income	205,449	27,903	233,352
TOTAL REVENUES	<u>4,184,013</u>	<u>1,136,469</u>	<u>5,320,482</u>
EXPENDITURES			
Current:			
General government	337,121	-	337,121
Public safety	220,511	-	220,511
Health and sanitation	289,961	-	289,961
Public works	402,333	-	402,333
Special assessments	1,809,276	-	1,809,276
Social services	11,999	-	11,999
Culture and recreation	23,890	-	23,890
Unclassified	112,644	1,044,179	1,156,823
Debt service	115,407	4,223	119,630
Capital outlay	-	201,409	201,409
TOTAL EXPENDITURES	<u>3,323,142</u>	<u>1,249,811</u>	<u>4,572,953</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>860,871</u>	<u>(113,342)</u>	<u>747,529</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	85,000	809,213	894,213
Transfers (out)	(808,550)	(85,663)	(894,213)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(723,550)</u>	<u>723,550</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	137,321	610,208	747,529
FUND BALANCES - JANUARY 1	<u>1,912,282</u>	<u>1,272,493</u>	<u>3,184,775</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,049,603</u>	<u>\$ 1,882,701</u>	<u>\$ 3,932,304</u>

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

TOWN OF STONINGTON, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds (Statement E)	\$ 747,529
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	231,409
Depreciation expense	(221,783)
	9,626
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
Taxes and liens receivable	(84,060)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>	
Accrued compensated absences	(19,141)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
	82,113
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position</p>	
	(30,000)
Change in net position of governmental activities (Statement B)	\$ 706,067

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

TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2018

	<u>Enterprise Fund</u> <u>Water</u> <u>Department</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 34,784
Accounts receivable (net of allowance for uncollectibles)	3,254
Total current assets	<u>38,038</u>
Noncurrent assets:	
Land, buildings, mains, and other water assets	3,923,864
Vehicles and equipment	345,741
Total capital assets	<u>4,269,605</u>
Less: accumulated depreciation	<u>(1,201,954)</u>
Total noncurrent assets	<u>3,067,651</u>
TOTAL ASSETS	<u><u>\$ 3,105,689</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 45,654
Accrued expenses	621
Current portion of long-term obligations	19,148
Total current liabilities	<u>65,423</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes payable	840,407
Total noncurrent liabilities	<u>840,407</u>
TOTAL LIABILITIES	<u>905,830</u>
NET POSITION	
Net investment in capital assets	2,208,096
Unrestricted	(8,237)
TOTAL NET POSITION	<u>2,199,859</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 3,105,689</u></u>

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

TOWN OF STONINGTON, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION - PROPRIETARY FUNDS
 FOR THE YEARS ENDED DECEMBER 31, 2018

	Enterprise Fund
	Water
	Department
OPERATING REVENUES	
Charges for services	\$ 221,472
Other income	13,012
TOTAL OPERATING REVENUES	234,484
OPERATING EXPENSES	
Payroll	69,333
Benefits/Taxes	20,000
Utilities	13,038
Chemicals	345
Contracted services	39,791
Materials and supplies	11,214
Insurance	7,106
Depreciation and amortization	149,253
Transportation	3,319
Other operating expenses	13,878
TOTAL OPERATING EXPENSES	327,277
OPERATING INCOME (LOSS)	(92,793)
NONOPERATING REVENUES (EXPENSES)	
Project cost contributions	162,746
Interest income	158
Interest expense	(23,811)
TOTAL NONOPERATING REVENUES (EXPENSES)	139,093
CHANGE IN NET POSITION	46,300
NET POSITION - JANUARY 1	2,153,559
NET POSITION - DECEMBER 31	\$ 2,199,859

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, 2018

	<u>Enterprise Fund</u> <u>Water</u> <u>Department</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 221,472
Other receipts	20,181
Payments to employees	(69,333)
Payments to suppliers	(133,325)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>38,995</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	158
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>158</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital asset purchased with grants	162,746
Principal paid on capital debt	(18,773)
Purchase of capital assets (net)	(148,118)
Interest paid on capital debt	(23,811)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(27,956)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,197
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>23,587</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 34,784</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (92,793)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	149,253
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	7,169
(Increase) decrease in due from other governments	249,616
(Decrease) increase in accounts payable	(272,461)
(Decrease) increase in accrued expenses	(1,789)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 38,995</u>

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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Implementation of New Accounting Standards

During the year ended December 31, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "*Omnibus 2017.*" The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues.*" The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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:

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Fund

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

Nonmajor Funds

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

2. Proprietary Funds

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

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

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Basis of Accounting

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

1. Accrual

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

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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Late in the prior fiscal year the Town prepared a budget for the year beginning January 1. The operating budget included proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town of Stonington was then called for the purpose of adopting the proposed budget after public notice of the meeting had been given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. No supplemental budgetary appropriations were necessary during the fiscal year

Deposits and Investments

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

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.

Receivables

Receivables include amounts due from governmental agencies, local businesses, and wastewater and ambulance receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

when accounts are proven to be uncollectible. Accounts receivable netted with allowances for uncollectible accounts were \$123,063 for the year ended December 31, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2018.

Inventories

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

Interfund Receivables and Payables

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

Transactions Between Funds

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

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.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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, 2018, the Town's liability for compensated absences is \$24,691.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balance

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

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

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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, deferred tax 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 2, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due on August 31, 2018. Interest on unpaid taxes commenced on September 1, 2018 at 8% per annum.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$139,900 for the year ended December 31, 2018.

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

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

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

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.

TOWN OF STONINGTON, MAINE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At December 31, 2018, the Town's cash balance amounting to \$3,806,130 was comprised of bank deposits of \$3,843,541. Of these bank deposits, \$1,681,611 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$2,161,930 was collateralized with securities held by the financial institution in the Town's name.

Account Type	Bank Balance
Checking accounts	\$ 2,529,391
Savings	543,881
Money market accounts	61,021
ICS sweep account	709,248
	\$ 3,843,541

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, 2018, 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

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2018 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ 218,472	\$ 755,007
Nonmajor special revenue funds	49,369	-
Nonmajor capital projects funds	705,638	218,024
Nonmajor permanent funds	-	448
Totals	<u>\$ 973,479</u>	<u>\$ 973,479</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2018:

	Balance 1/1/18	Additions	Disposals	Balance 12/31/18
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 5,936,500	\$ -	\$ -	\$ 5,936,500
Construction in progress	931,739	-	(931,739)	-
	<u>6,868,239</u>	<u>-</u>	<u>(931,739)</u>	<u>5,936,500</u>
Depreciated assets:				
Buildings	2,058,111	-	-	2,058,111
Building improvements	169,910	-	-	169,910
Land improvements	537,585	-	-	537,585
Machinery & equipment	675,928	79,108	-	755,036
Vehicles	846,532	30,000	-	876,532
Infrastructure	609,940	1,054,040	-	1,663,980
	<u>4,898,006</u>	<u>1,163,148</u>	<u>-</u>	<u>6,061,154</u>
Less: accumulated depreciation	<u>(3,162,768)</u>	<u>(221,783)</u>	<u>-</u>	<u>(3,384,551)</u>
	<u>1,735,238</u>	<u>941,365</u>	<u>-</u>	<u>2,676,603</u>
Net capital assets	<u>\$ 8,603,477</u>	<u>\$ 941,365</u>	<u>\$ (931,739)</u>	<u>\$ 8,613,103</u>
	Balance 1/1/18	Additions	Disposals	Balance 12/31/18
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	\$ 66,667	\$ -	\$ -	\$ 66,667
Construction in progress	2,238,808	148,118	(2,386,926)	-
	<u>2,305,475</u>	<u>148,118</u>	<u>-</u>	<u>66,667</u>
Depreciated assets:				
Building improvements	7,469	-	-	7,469
Machinery & equipment	345,741	-	-	345,741
Infrastructure / mains, etc	1,462,802	2,386,926	-	3,849,728
	<u>1,816,012</u>	<u>2,386,926</u>	<u>-</u>	<u>4,202,938</u>
Less: accumulated depreciation	<u>(1,052,701)</u>	<u>(149,253)</u>	<u>-</u>	<u>(1,201,954)</u>
	<u>763,311</u>	<u>2,237,673</u>	<u>-</u>	<u>3,000,984</u>
Net capital assets	<u>\$ 3,068,786</u>	<u>\$ 2,385,791</u>	<u>\$ -</u>	<u>\$ 3,067,651</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

General government	\$ 10,219
Public safety	27,979
Public works	112,277
Town-wide	71,308
Total governmental type depreciation expense	<u>221,783</u>
Water department	149,253
Total depreciation expense	<u><u>\$ 371,036</u></u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2018:

	Balance 1/1/18	Additions	Reductions	Balance 12/31/18	Current Portion
<u>Governmental activities</u>					
Notes payable	\$ 196,948	\$ 30,000	\$ (53,472)	\$ 173,476	\$ 55,816
Bond payable	-	260,000	(28,641)	231,359	35,214
Accrued compensated absences	5,550	19,141	-	24,691	3,704
Totals	<u>\$ 202,498</u>	<u>\$ 309,141</u>	<u>\$ (82,113)</u>	<u>\$ 429,526</u>	<u>\$ 94,734</u>
<u>Business-type activities</u>					
Bonds payable	\$ 878,328	\$ -	\$ (18,773)	\$ 859,555	\$ 19,148
Totals	<u>\$ 878,328</u>	<u>\$ -</u>	<u>\$ (18,773)</u>	<u>\$ 859,555</u>	<u>\$ 19,148</u>

The following is a summary of outstanding notes and bonds payable:

Notes payable - governmental activities

2010 First National Bank note of \$35,000 for school building. Interest is stated at 3.8%. Monthly payments include both principal and interest in the amount of \$352 until November of 2020.	\$ 8,114
2012 Bar Harbor Bank & Trust note of \$315,000 for Moose Island Causeway. Interest is stated at 2.37%. Monthly payments include both principal and interest in the amount of \$2,895 until June of 2022.	115,874
2014 First National Bank note of \$111,295 for a Truck. Interest is stated at 2.4%. Monthly payments include both principal and interest in the amount of \$1,972 until September of 2019.	19,488

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 - LONG -TERM DEBT (CONTINUED)

Notes payable - governmental activities (continued)

2018 Machias Savings Bank note of \$30,000 for a vehicle. Interest is stated at 3.03%. One payment is due on June 26, 2020 for all principal and interest due.

30,000

Total notes payable - governmental activities

173,476

Bond payable - governmental activities

2018 First National Bank bond of \$260,000. Interest is stated at 2.47%. Monthly payments include both principal and interest in the amount of \$3,378 until January of 2025.

231,359

Total bonds and notes payable - governmental activities

404,835

Bonds payable - business-type activities

2015 Rural Utilities Service bond for water company. Interest is stated at 2.625%. Annual payments of \$30,795 include both principal and interest until November 2055.

723,360

2016 Maine Municipal Bond Bank bond for water company. Interest is stated at 1.00% with additional fees. Annual payments of \$8,703 include both principal, interest and fees through April 2036. Original bond was for \$250,480 with \$100,192 being forgiven at closing.

136,195

Total bonds payable - business-type activities

859,555

Total bonds and notes payable

\$ 1,264,390

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

<u>Governmental Activities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 91,030	\$ 8,168	\$ 99,198
2020	103,343	7,508	110,851
2021	70,908	4,364	75,272
2022	54,419	2,723	57,142
2023	35,592	4,940	40,532
2024-2028	49,543	815	50,358
	<u>\$ 404,835</u>	<u>\$ 28,518</u>	<u>\$ 433,353</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 - LONG -TERM DEBT (CONTINUED)

Business-type Activities	Principal	Interest	Total Debt Service
2019	\$ 19,148	\$ 20,423	\$ 39,571
2020	19,531	20,040	39,571
2021	19,924	19,649	39,573
2022	20,324	19,248	39,572
2023	20,735	18,839	39,574
2024-2028	110,179	87,701	197,880
2029-2033	121,983	75,917	197,900
2034-2038	109,796	62,755	172,551
2039-2043	104,463	49,512	153,975
2044-2048	118,913	35,062	153,975
2049-2053	135,361	18,614	153,975
2054-2058	59,198	2,340	61,538
	<u>\$ 859,555</u>	<u>\$ 430,100</u>	<u>\$ 1,289,655</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended December 31, 2018 was \$23,811 for business-type activities.

NOTE 6 - NONSPENDABLE FUND BALANCES

At December 31, 2018, the Town has the following nonspendable fund balances:

Nonmajor capital projects funds (Schedule F)	<u>\$ 2,195</u>
--	-----------------

NOTE 7 - RESTRICTED FUND BALANCES

At December 31, 2018, the Town has the following restricted fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 233,948
Nonmajor permanent funds (Schedule H)	<u>60,573</u>
	<u>\$ 294,521</u>

NOTE 8 - COMMITTED FUND BALANCE

At December 31, 2018, the Town has the following committed fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 13,679
Nonmajor capital projects funds (Schedule F)	<u>1,572,306</u>
	<u>\$ 1,585,985</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 appropriation at December 31, 2018:

Street lights	<u>\$ 100</u>
---------------	---------------

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, 2018, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
County of Hancock	\$ -	2.12%	\$ -
CSD No. 13	1,004,817	35.05%	352,188
			<u>\$ 352,188</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 14 - JOINT VENTURE

The Town of Stonington was 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 March 31, 2018 (most recent data available), the Town of Stonington's share of the Joint Venture's net position was \$184,773. Complete financial statements may be obtained from the Municipal Review Committee, 40 Harlow Street, Bangor, Maine 04401. The Town withdrew from the Joint Venture in April of 2018 and was paid one final cash payment of \$185,896.

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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 1,912,282	\$ 1,912,282	\$ 1,912,282	\$ -
Resources (Inflows):				
Property taxes	3,429,357	3,429,357	3,515,366	86,009
Excise taxes	-	-	247,796	247,796
Intergovernmental	115,454	115,454	117,012	1,558
Charges for services	39,595	39,595	73,949	34,354
Interest/Costs on liens	-	-	16,948	16,948
Investment income, net	2,000	2,000	7,493	5,493
Other revenues	7,557	7,557	205,449	197,892
Transfers from other funds	-	-	85,000	85,000
Amounts Available for Appropriation	<u>5,506,245</u>	<u>5,506,245</u>	<u>6,181,295</u>	<u>675,050</u>
Charges to Appropriations (Outflows):				
General government	366,300	366,300	337,121	29,179
Public safety	231,285	231,285	220,511	10,774
Health and sanitation	308,100	308,100	289,961	18,139
Public works	438,050	438,050	402,333	35,717
Special assessments	1,809,276	1,809,276	1,809,276	-
Social services	13,126	13,126	11,999	1,127
Culture and recreation	25,700	25,700	23,890	1,810
Unclassified	248,662	248,662	112,644	136,018
Capital projects	-	-	-	-
Debt service	115,414	115,414	115,407	7
Transfers to other funds	61,050	808,550	808,550	-
Total Charges to Appropriation	<u>3,616,963</u>	<u>4,364,463</u>	<u>4,131,692</u>	<u>232,771</u>
Budgetary Fund Balance, December 31	<u>\$ 1,889,282</u>	<u>\$ 1,141,782</u>	<u>\$ 2,049,603</u>	<u>\$ 907,821</u>
Utilization of unassigned fund balance	<u>\$ 23,000</u>	<u>\$ 770,500</u>	<u>\$ -</u>	<u>\$ (770,500)</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, 2018

	Appropriations	Budget Adjustments	Total Available	Actual Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 99,450	\$ -	\$ 99,450	\$ 91,567	\$ 7,883
Wages, salaries and taxes	186,100	-	186,100	184,230	1,870
Employee healthcare	58,000	-	58,000	39,419	18,581
Town hall maintenance	20,600	-	20,600	19,958	642
Planning board	1,900	-	1,900	1,894	6
Appeals board	250	-	250	53	197
Total	<u>366,300</u>	<u>-</u>	<u>366,300</u>	<u>337,121</u>	<u>29,179</u>
PUBLIC SAFETY					
Animal control	6,350	-	6,350	2,460	3,890
Hydrant rental	68,000	-	68,000	68,000	-
Code enforcement	15,000	-	15,000	12,445	2,555
Health officer	250	-	250	250	-
Fire department	52,250	-	52,250	52,250	-
911-Road signs	600	-	600	595	5
Sheriff services	73,632	-	73,632	69,280	4,352
Communication center	4,703	-	4,703	4,631	72
Street lights	10,500	-	10,500	10,600	(100)
Total	<u>231,285</u>	<u>-</u>	<u>231,285</u>	<u>220,511</u>	<u>10,774</u>
HEALTH AND SANITATION					
Transfer station	308,100	-	308,100	289,961	18,139
Total	<u>308,100</u>	<u>-</u>	<u>308,100</u>	<u>289,961</u>	<u>18,139</u>

TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations	Budget Adjustments	Total Available	Actual Expenditures	Variance Positive (Negative)
PUBLIC WORKS					
Town roads	182,600	-	182,600	176,569	6,031
Winter roads	196,950	-	196,950	175,628	21,322
Equipment	41,800	-	41,800	34,773	7,027
Town garage	11,700	-	11,700	10,363	1,337
Colwell ramp	5,000	-	5,000	5,000	-
Total	<u>438,050</u>	<u>-</u>	<u>438,050</u>	<u>402,333</u>	<u>35,717</u>
SPECIAL ASSESSMENTS					
School	1,685,311	-	1,685,311	1,685,311	-
County tax	123,965	-	123,965	123,965	-
Total	<u>1,809,276</u>	<u>-</u>	<u>1,809,276</u>	<u>1,809,276</u>	<u>-</u>
SOCIAL SERVICES					
General assistance	1,500	-	1,500	373	1,127
Hancock County Homecare & Hospice	7,526	-	7,526	7,526	-
Eastern Area Agency on Aging	2,600	-	2,600	2,600	-
YMCA	750	-	750	750	-
American Red Cross	750	-	750	750	-
Total	<u>13,126</u>	<u>-</u>	<u>13,126</u>	<u>11,999</u>	<u>1,127</u>
CULTURE AND RECREATION					
Stonington Public Library	10,000	-	10,000	10,000	-
Island Recreation Board	1,500	-	1,500	1,500	-
Athletic field	1,000	-	1,000	1,000	-
Town parks	13,200	-	13,200	11,390	1,810
Total	<u>25,700</u>	<u>-</u>	<u>25,700</u>	<u>23,890</u>	<u>1,810</u>

TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriations</u>	<u>Budget Adjustments</u>	<u>Total Available</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
DEBT SERVICE					
Loader	19,848	-	19,848	19,848	-
Moose island causeway	34,744	-	34,744	34,743	1
Peterbuilt truck	23,670	-	23,670	23,664	6
Hagen dock rebuild	37,152	-	37,152	37,152	-
Total	<u>115,414</u>	<u>-</u>	<u>115,414</u>	<u>115,407</u>	<u>7</u>
UNCLASSIFIED					
Downeast Transportation	800	-	800	800	-
Economic Development	22,500	-	22,500	20,862	1,638
Fourth of July	3,600	-	3,600	3,600	-
Healthy Island	3,500	-	3,500	3,500	-
Hancock County Planning	1,290	-	1,290	1,290	-
Chamber of Commerce	600	-	600	600	-
Memorial Day	450	-	450	450	-
Hospice Volunteers of Hancock County	1,000	-	1,000	1,000	-
Island Community Center	10,800	-	10,800	10,800	-
WIC program	1,200	-	1,200	1,200	-
Project Launch	1,500	-	1,500	1,500	-
Opiate Free Island Partnership	20,000	-	20,000	20,000	-
Lifeflight Foundation	522	-	522	522	-
Tax discounts	29,000	-	29,000	27,727	1,273
Sand beach	8,500	-	8,500	8,078	422
Cemeteries	3,500	-	3,500	1,539	1,961
Overlay/Abatements	139,900	-	139,900	9,176	130,724
Total	<u>248,662</u>	<u>-</u>	<u>248,662</u>	<u>112,644</u>	<u>136,018</u>
Transfer to other funds	61,050	747,500	808,550	808,550	-
Total	<u>61,050</u>	<u>747,500</u>	<u>808,550</u>	<u>808,550</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 3,616,963</u>	<u>\$ 747,500</u>	<u>\$ 4,364,463</u>	<u>\$ 4,131,692</u>	<u>\$ 232,771</u>

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

TOWN OF STONINGTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,429,357	\$ 3,429,357	\$ 3,515,366	\$ 86,009
Excise taxes:				
Auto excise	-	-	247,796	247,796
Intergovernmental revenues:				
State revenue sharing	39,512	39,512	41,062	1,550
Homestead exemption	50,592	50,592	46,239	(4,353)
Local road assistance	15,000	15,000	19,092	4,092
BETE reimbursement	-	-	-	-
Tree growth	2,500	2,500	2,887	387
Other intergovernmental	7,850	7,850	7,732	(118)
Interest/Investment income, net	2,000	2,000	7,493	5,493
Interest/Costs on liens	-	-	16,948	16,948
Charges for services:				
Municipal agent fees	8,500	8,500	6,688	(1,812)
Snow removal contract	11,395	11,395	16,380	4,985
Building permits	5,000	5,000	5,455	455
Tipping fees	5,000	5,000	5,975	975
Demo debris income	5,000	5,000	15,960	10,960
Recycling	-	-	10,449	10,449
Administrative fees	-	-	2,800	2,800
Trash fees	3,500	3,500	1,539	(1,961)
Other fees	-	-	6,278	6,278
In lieu of taxes	1,200	1,200	2,425	1,225
Other income:				
CATV fee	2,000	2,000	2,254	254
Miscellaneous	5,557	5,557	203,195	197,638
TOTAL REVENUES	<u>3,593,963</u>	<u>3,593,963</u>	<u>4,184,013</u>	<u>590,050</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	85,000	85,000
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>85,000</u>	<u>85,000</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 3,593,963</u>	<u>\$ 3,593,963</u>	<u>\$ 4,269,013</u>	<u>\$ 675,050</u>

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

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 152,330	\$ 1,084,692	\$ 61,021	\$ 1,298,043
Inventory	-	2,195	-	2,195
Loans receivable	45,928	-	-	45,928
Due from other funds	49,369	705,638	-	755,007
TOTAL ASSETS	<u>\$ 247,627</u>	<u>\$ 1,792,525</u>	<u>\$ 61,021</u>	<u>\$ 2,101,173</u>
LIABILITIES				
Due to other funds	\$ -	\$ 218,024	\$ 448	\$ 218,472
TOTAL LIABILITIES	<u>-</u>	<u>218,024</u>	<u>448</u>	<u>218,472</u>
FUND BALANCES				
Nonspendable	-	2,195	-	2,195
Restricted	233,948	-	60,573	294,521
Committed	13,679	1,572,306	-	1,585,985
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>247,627</u>	<u>1,574,501</u>	<u>60,573</u>	<u>1,882,701</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 247,627</u>	<u>\$ 1,792,525</u>	<u>\$ 61,021</u>	<u>\$ 2,101,173</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, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental income	\$ 15,000	\$ 25,492	\$ -	\$ 40,492
Charges for services	-	1,059,576	-	1,059,576
Investment income	981	7,225	292	8,498
Other income	4,384	23,519	-	27,903
TOTAL REVENUES	<u>20,365</u>	<u>1,115,812</u>	<u>292</u>	<u>1,136,469</u>
EXPENDITURES				
Capital outlay	-	201,409	-	201,409
Debt service	-	4,223	-	4,223
Other	19,232	1,024,947	-	1,044,179
TOTAL EXPENDITURES	<u>19,232</u>	<u>1,230,579</u>	<u>-</u>	<u>1,249,811</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,133</u>	<u>(114,767)</u>	<u>292</u>	<u>(113,342)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,663	798,550	-	809,213
Transfers (out)	-	(85,663)	-	(85,663)
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,663</u>	<u>712,887</u>	<u>-</u>	<u>723,550</u>
NET CHANGE IN FUND BALANCES	11,796	598,120	292	610,208
FUND BALANCES - JANUARY 1	<u>235,831</u>	<u>976,381</u>	<u>60,281</u>	<u>1,272,493</u>
FUND BALANCES - DECEMBER 31	<u>\$ 247,627</u>	<u>\$ 1,574,501</u>	<u>\$ 60,573</u>	<u>\$ 1,882,701</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, 2018

	Community Benefit Grant	Community Center Generator	Heating Fund	Genesis Study	MCF Housing	Microloan Program	Ralston Property	Broadband Feasibility	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$12,011	\$ -	\$ -	\$ 140,319	\$ -	\$ -	\$ 152,330
Due from other funds	2,038	-	1,492	176	2,000	9,304	24,589	9,770	49,369
Loans receivable	-	-	-	-	-	45,928	-	-	45,928
TOTAL ASSETS	\$ 2,038	\$ -	\$13,503	\$ 176	\$ 2,000	\$ 195,551	\$ 24,589	\$ 9,770	\$ 247,627
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	2,038	-	-	-	2,000	195,551	24,589	9,770	233,948
Committed	-	-	13,503	176	-	-	-	-	13,679
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	2,038	-	13,503	176	2,000	195,551	24,589	9,770	247,627
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,038	\$ -	\$13,503	\$ 176	\$ 2,000	\$ 195,551	\$ 24,589	\$ 9,770	\$ 247,627

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, 2018

	Community Benefit Grant	Community Center Generator	Heating Fund	Genesis Study	MCF Housing	Microloan Program	Ralston Property	Broadband Feasibility	Total
REVENUES									
Intergovernmental income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ 15,000
Investment income	-	-	72	-	-	909	-	-	981
Other income	-	-	1,485	-	-	2,899	-	-	4,384
TOTAL REVENUES	-	-	1,557	-	-	3,808	-	15,000	20,365
EXPENDITURES									
Other	4,002	-	-	-	-	-	-	15,230	19,232
TOTAL EXPENDITURES	4,002	-	-	-	-	-	-	15,230	19,232
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,002)	-	1,557	-	-	3,808	-	(230)	1,133
OTHER FINANCING SOURCES (USES)									
Transfers in	-	663	-	-	-	-	-	10,000	10,663
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	663	-	-	-	-	-	10,000	10,663
NET CHANGE IN FUND BALANCES (DEFICITS)	(4,002)	663	1,557	-	-	3,808	-	9,770	11,796
FUND BALANCES (DEFICITS) - JANUARY 1	6,040	(663)	11,946	176	2,000	191,743	24,589	-	235,831
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 2,038	\$ -	\$ 13,503	\$ 176	\$ 2,000	\$ 195,551	\$ 24,589	\$ 9,770	\$ 247,627

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, 2018

	Airport	Athletic Field	Seawall Reserve	Hagen Dock	Conservation Commission	Fire Dept Capital	Fish Pier
ASSETS							
Cash and cash equivalents	\$ 6,385	\$ 5,560	\$ 162,822	\$ -	\$ 153	\$ 164,963	\$ 224,422
Due from other funds	3,189	716	-	16,848	-	7,121	46,688
Inventory	-	-	-	-	-	-	2,195
TOTAL ASSETS	\$ 9,574	\$ 6,276	\$ 162,822	\$ 16,848	\$ 153	\$ 172,084	\$ 273,305
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ 96,453	\$ -	\$ 69	\$ -	\$ -
TOTAL LIABILITIES	-	-	96,453	-	69	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	2,195
Restricted	-	-	-	-	-	-	-
Committed	9,574	6,276	66,369	16,848	84	172,084	271,110
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	9,574	6,276	66,369	16,848	84	172,084	273,305
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,574	\$ 6,276	\$ 162,822	\$ 16,848	\$ 153	\$ 172,084	\$ 273,305

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2018

	Gym Building	Harbor	Playground Reserve	Rainy Day Reserve	Road Equipment	School Building	Shellfish
ASSETS							
Cash and cash equivalents	\$ 29,428	\$ 148,797	\$ 2,468	\$ 15,740	\$ 90,720	\$ 82,616	\$ 28,190
Due from other funds	-	36,625	85	9	-	-	-
Inventory	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 29,428</u>	<u>\$ 185,422</u>	<u>\$ 2,553</u>	<u>\$ 15,749</u>	<u>\$ 90,720</u>	<u>\$ 82,616</u>	<u>\$ 28,190</u>
LIABILITIES							
Due to other funds	\$ 19,159	\$ -	\$ -	\$ -	\$ 79,057	\$ 2,569	\$ 15,009
TOTAL LIABILITIES	<u>19,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,057</u>	<u>2,569</u>	<u>15,009</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	10,269	185,422	2,553	15,749	11,663	80,047	13,181
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>10,269</u>	<u>185,422</u>	<u>2,553</u>	<u>15,749</u>	<u>11,663</u>	<u>80,047</u>	<u>13,181</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 29,428</u>	<u>\$ 185,422</u>	<u>\$ 2,553</u>	<u>\$ 15,749</u>	<u>\$ 90,720</u>	<u>\$ 82,616</u>	<u>\$ 28,190</u>

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2018

	Swimming Pool	Town Hall	Harbor Float	Transfer Station Reserve	Transfer Station Project	Unemploy Fund
ASSETS						
Cash and cash equivalents	\$ 1,850	\$ 24,060	\$ 19,491	\$ 20,763	\$ -	\$ 6,176
Due from other funds	1	14	12	624	174,377	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,851</u>	<u>\$ 24,074</u>	<u>\$ 19,503</u>	<u>\$ 21,387</u>	<u>\$ 174,377</u>	<u>\$ 6,176</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,708
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,708</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	1,851	24,074	19,503	21,387	174,377	468
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,851</u>	<u>24,074</u>	<u>19,503</u>	<u>21,387</u>	<u>174,377</u>	<u>468</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,851</u>	<u>\$ 24,074</u>	<u>\$ 19,503</u>	<u>\$ 21,387</u>	<u>\$ 174,377</u>	<u>\$ 6,176</u>

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2018

	<u>Salt/Sand Shed</u>	<u>Sidewalks Project</u>	<u>Waterfront Access</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 50,088	\$ 1,084,692
Due from other funds	395,326	24,003	-	705,638
Inventory	-	-	-	2,195
TOTAL ASSETS	<u><u>\$ 395,326</u></u>	<u><u>\$ 24,003</u></u>	<u><u>\$ 50,088</u></u>	<u><u>\$ 1,792,525</u></u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 218,024
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>218,024</u></u>
FUND BALANCES				
Nonspendable	-	-	-	2,195
Restricted	-	-	-	-
Committed	395,326	24,003	50,088	1,572,306
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u><u>395,326</u></u>	<u><u>24,003</u></u>	<u><u>50,088</u></u>	<u><u>1,574,501</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 395,326</u></u>	<u><u>\$ 24,003</u></u>	<u><u>\$ 50,088</u></u>	<u><u>\$ 1,792,525</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 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Airport	Athletic Field	Seawall Reserve	Hagen Dock	Conservation Commission	Fire Dept Capital	Fish Pier
REVENUES							
Intergovernmental income	\$ -	\$ -	\$ -	\$ 25,492	\$ -	\$ -	\$ -
Charges for services	852	-	-	-	-	-	912,891
Investment income	25	30	1,327	-	17	909	1,223
Other income	5,115	713	-	-	-	7,028	-
TOTAL REVENUES	<u>5,992</u>	<u>743</u>	<u>1,327</u>	<u>25,492</u>	<u>17</u>	<u>7,937</u>	<u>914,114</u>
EXPENDITURES							
Capital outlay	-	-	-	20,681	-	-	-
Debt service	-	-	-	-	-	-	-
Other	2,781	-	-	-	70	-	864,012
TOTAL EXPENDITURES	<u>2,781</u>	<u>-</u>	<u>-</u>	<u>20,681</u>	<u>70</u>	<u>-</u>	<u>864,012</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,211</u>	<u>743</u>	<u>1,327</u>	<u>4,811</u>	<u>(53)</u>	<u>7,937</u>	<u>50,102</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	50	15,000	-
Transfers (out)	-	-	(85,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(85,000)</u>	<u>-</u>	<u>50</u>	<u>15,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	3,211	743	(83,673)	4,811	(3)	22,937	50,102
FUND BALANCES (DEFICITS) - JANUARY 1	<u>6,363</u>	<u>5,533</u>	<u>150,042</u>	<u>12,037</u>	<u>87</u>	<u>149,147</u>	<u>223,203</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 9,574</u>	<u>\$ 6,276</u>	<u>\$ 66,369</u>	<u>\$ 16,848</u>	<u>\$ 84</u>	<u>\$ 172,084</u>	<u>\$ 273,305</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, 2018

	<u>Gym Building</u>	<u>Harbor</u>	<u>Playground Reserve</u>	<u>Rainy Day Reserve</u>	<u>Road Equipment</u>	<u>School Building</u>
REVENUES						
Intergovernmental income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	3,300	81,512	-	-	-	49,111
Investment income	197	813	12	93	655	411
Other income	2,980	-	84	-	-	-
TOTAL REVENUES	<u>6,477</u>	<u>82,325</u>	<u>96</u>	<u>93</u>	<u>655</u>	<u>49,522</u>
EXPENDITURES						
Capital outlay	-	-	-	-	79,108	-
Debt service	-	-	-	-	-	4,223
Other	24,793	47,389	-	-	-	47,503
TOTAL EXPENDITURES	<u>24,793</u>	<u>47,389</u>	<u>-</u>	<u>-</u>	<u>79,108</u>	<u>51,726</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,316)</u>	<u>34,936</u>	<u>96</u>	<u>93</u>	<u>(78,453)</u>	<u>(2,204)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	500	2,500	-	-	10,000	500
Transfers (out)	(663)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(163)</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>500</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(18,479)	37,436	96	93	(68,453)	(1,704)
FUND BALANCES (DEFICITS) - JANUARY 1	<u>28,748</u>	<u>147,986</u>	<u>2,457</u>	<u>15,656</u>	<u>80,116</u>	<u>81,751</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 10,269</u>	<u>\$ 185,422</u>	<u>\$ 2,553</u>	<u>\$ 15,749</u>	<u>\$ 11,663</u>	<u>\$ 80,047</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, 2018

	Swimming Pool	Town Hall	Harbor Float	Transfer Station Reserve	Transfer Station Project	Unemploy Fund
REVENUES						
Intergovernmental income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Investment income	11	244	107	874	-	31
Other income	-	-	-	7,599	-	-
TOTAL REVENUES	11	244	107	8,473	-	31
EXPENDITURES						
Capital outlay	-	-	-	-	25,623	-
Debt service	-	-	-	-	-	-
Other	-	-	-	6,987	-	5,712
TOTAL EXPENDITURES	-	-	-	6,987	25,623	5,712
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11	244	107	1,486	(25,623)	(5,681)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	2,000	2,500	5,000	200,000	8,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	2,000	2,500	5,000	200,000	8,000
NET CHANGE IN FUND BALANCES (DEFICITS)	11	2,244	2,607	6,486	174,377	2,319
FUND BALANCES (DEFICITS) - JANUARY 1	1,840	21,830	16,896	14,901	-	(1,851)
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 1,851	\$ 24,074	\$ 19,503	\$ 21,387	\$ 174,377	\$ 468

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Salt/Sand Shed	Sidewalks Project	Waterfront Access	Total
REVENUES				
Intergovernmental income	\$ -	\$ -	\$ -	\$ 25,492
Charges for services	-	-	-	1,059,576
Investment income	-	-	88	7,225
Other income	-	-	-	23,519
TOTAL REVENUES	-	-	88	1,115,812
EXPENDITURES				
Capital outlay	-	75,997	-	201,409
Debt service	-	-	-	4,223
Other	4,674	-	-	1,024,947
TOTAL EXPENDITURES	4,674	75,997	-	1,230,579
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,674)</u>	<u>(75,997)</u>	<u>88</u>	<u>(114,767)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	100,000	50,000	798,550
Transfers (out)	-	-	-	(85,663)
TOTAL OTHER FINANCING SOURCES (USES)	400,000	100,000	50,000	712,887
NET CHANGE IN FUND BALANCES (DEFICITS)	395,326	24,003	50,088	598,120
FUND BALANCES (DEFICITS) - JANUARY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>976,381</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 395,326</u>	<u>\$ 24,003</u>	<u>\$ 50,088</u>	<u>\$ 1,574,501</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, 2018

	<u>Cemetery Fund</u>	<u>Bartlett/ McDonald</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 59,653	\$ 1,368	\$ 61,021
TOTAL ASSETS	<u>\$ 59,653</u>	<u>\$ 1,368</u>	<u>\$ 61,021</u>
LIABILITIES			
Due to other funds	\$ 448	\$ -	\$ 448
TOTAL LIABILITIES	<u>448</u>	<u>-</u>	<u>448</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	59,205	1,368	60,573
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>59,205</u>	<u>1,368</u>	<u>60,573</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,653</u>	<u>\$ 1,368</u>	<u>\$ 61,021</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, 2018

	Cemetery Fund	Bartlett/ McDonald	Total
REVENUES			
Investment income	\$ 285	\$ 7	\$ 292
TOTAL REVENUES	<u>285</u>	<u>7</u>	<u>292</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	285	7	292
FUND BALANCES - JANUARY 1	<u>58,920</u>	<u>1,361</u>	<u>60,281</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 59,205</u></u>	<u><u>\$ 1,368</u></u>	<u><u>\$ 60,573</u></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, 2018

	Land and Construction in Progress	Buildings, Building Improvements, Land Improvements	Water Mains, Machinery & Equipment, Furniture/Fixtures, Vehicles	Infrastructure	Total
Administration	\$ 148,800	\$ 524,911	\$ -	\$ -	\$ 673,711
Public safety	385,500	93,400	643,347	-	1,122,247
Public works	81,400	633,060	688,941	454,770	1,858,171
Water department	2,305,475	7,469	1,956,661	-	4,269,605
Health and sanitation	-	385,460	86,837	-	472,297
Town-wide	<u>6,252,539</u>	<u>1,175,079</u>	<u>212,443</u>	<u>231,167</u>	<u>7,871,228</u>
Total General Capital Assets	9,173,714	2,819,379	3,588,229	685,937	16,267,259
Less: Accumulated Depreciation	<u>-</u>	<u>(2,019,228)</u>	<u>(2,296,431)</u>	<u>(270,846)</u>	<u>(4,586,505)</u>
Net General Capital Assets	<u>\$ 9,173,714</u>	<u>\$ 800,151</u>	<u>\$ 1,291,798</u>	<u>\$ 415,091</u>	<u>\$ 11,680,754</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, 2018

	General Capital Assets 1/1/18	Additions	Deletions	General Capital Assets 12/31/18
Administration	\$ 673,711	\$ -	\$ -	\$ 673,711
Public safety	1,122,247	-	-	1,122,247
Public works	1,673,066	185,105	-	1,858,171
Water department	4,121,487	148,118	-	4,269,605
Health and sanitation	446,674	25,623	-	472,297
Town-wide	<u>7,850,547</u>	<u>20,681</u>	<u>-</u>	<u>7,871,228</u>
Total General Capital Assets	15,887,732	379,527	-	16,267,259
Less: Accumulated Depreciation	<u>(4,215,469)</u>	<u>(371,036)</u>	<u>-</u>	<u>(4,586,505)</u>
Net General Capital Assets	<u><u>\$ 8,844,027</u></u>	<u><u>\$ 8,491</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,680,754</u></u>

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



Proven Expertise and Integrity

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

Board of Selectmen
Town of Stonington, Maine
Stonington, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2018, 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 February 8, 2019.

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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
February 8, 2019