

Audited Financial Statements and
Other Supplemental Information

Town of Stonington, Maine

December 31, 2019



Proven Expertise & Integrity

TOWN OF STONINGTON, MAINE

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 - 13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	20
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	21
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	22
NOTES TO FINANCIAL STATEMENTS	23 - 50
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	51

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	52
SCHEDULE 2 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	53
SCHEDULE 3 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	54
SCHEDULE 4 - SCHEDULE OF CONTRIBUTIONS	55
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	56
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	57
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	58 - 60
SCHEDULE A-2 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	61
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	62
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	63
SPECIAL REVENUE FUNDS DESCRIPTION	64
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	65 - 66
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	67 - 68
CAPITAL PROJECTS FUNDS DESCRIPTION	69
SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	70 - 73
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	74 - 77

PERMANENT FUNDS DESCRIPTION	78
SCHEDULE H - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	79
SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	80
GENERAL CAPITAL ASSETS DESCRIPTION	81
SCHEDULE J - SCHEDULE OF CAPITAL ASSETS BY FUNCTION	82
SCHEDULE K - SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION	83

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>	84 - 85
--	---------



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT

Selectboard
Town of Stonington
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, 2019 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, 2019 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 and OPEB information on pages 4 through 11 and 42 through 45 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 December 21, 2020, 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
December 21, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

(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, 2019. 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, health and sanitation, public works, special assessments, social services, culture and recreation 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 three 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 funds are the general fund and the fish pier 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 Statement of Cash Flows - Proprietary Funds.

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, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions and Notes to Required Supplementary Information.

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 \$12,662,761 compared to \$12,194,650 in the prior year, an increase of \$468,111. For the business-type activities total net position is \$2,370,537 as compared to \$2,319,980 in the prior year, an increase of \$50,557.

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 \$3,882,584 at the end of this year for governmental activities, an increase of \$246,658. The business-type activities unrestricted net position is \$30,517, an increase of \$38,754.

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

	Governmental Activities		Business-type Activities	
	2019	2018 (Restated)	2019	2018 (Restated)
Assets				
Current Assets	\$ 4,281,643	\$ 4,028,950	\$ 56,109	\$ 38,038
Noncurrent Assets - Capital Assets	8,796,874	8,669,038	3,180,427	3,187,772
Total Assets	13,078,517	12,697,988	3,236,536	3,225,810
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	2,277	-	-	-
Total Deferred Outflows of Resources	2,277	-	-	-
Liabilities				
Current Liabilities	159,311	134,069	45,123	65,423
Noncurrent Liabilities	237,909	363,632	820,876	840,407
Total Liabilities	397,220	497,701	865,999	905,830
Deferred Inflows of Resources				
Prepaid Taxes	3,498	5,637	-	-
Deferred Inflows Related to OPEB	17,315	-	-	-
Total Deferred Inflows of Resources	20,813	5,637	-	-
Net Position				
Net Investment in Capital Assets	8,501,618	8,264,203	2,340,020	2,328,217
Restricted	278,559	294,521	-	-
Unrestricted (Deficit)	3,882,584	3,635,926	30,517	(8,237)
Total Net Position	\$ 12,662,761	\$ 12,194,650	\$ 2,370,537	\$ 2,319,980

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 1,021,940	\$ 1,133,525	\$ 245,522	\$ 221,472
Operating grants and contributions	108,051	19,092	114,129	162,746
<i>General revenues:</i>				
Property taxes	3,464,566	3,431,306	-	-
Excise taxes	247,324	247,796	-	-
Grants and contributions not restricted to specific programs	206,249	138,412	-	-
Investment income, net	32,474	15,991	231	158
Other revenue	124,666	250,300	41,809	13,012
Total Revenues	<u>5,205,270</u>	<u>5,236,422</u>	<u>401,691</u>	<u>397,388</u>
Expenses				
General government	384,245	366,481	-	-
Public safety	243,649	248,490	-	-
Health and sanitation	261,663	289,961	-	-
Public works	479,444	514,610	-	-
Special assessments	1,841,256	1,809,276	-	-
Social services	11,806	11,999	-	-
Culture and recreation	19,510	23,890	-	-
Unclassified	1,337,615	1,156,823	330,778	327,277
Capital outlay	58,688	-	-	-
Depreciation	77,247	71,308	-	-
Interest on long-term debt	22,036	37,517	20,356	23,811
Total Expenses	<u>4,737,159</u>	<u>4,530,355</u>	<u>351,134</u>	<u>351,088</u>
Change in Net Position	468,111	706,067	50,557	46,300
Net Position - January 1, Restated	<u>12,194,650</u>	<u>11,488,583</u>	<u>2,319,980</u>	<u>2,273,680</u>
Net Position - December 31	<u>\$ 12,662,761</u>	<u>\$ 12,194,650</u>	<u>\$ 2,370,537</u>	<u>\$ 2,319,980</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 0.59%, while total expenses increased by 4.56%. The largest decreases in revenues were 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 increases in expenses were in unclassified and capital outlay.

Revenues for the proprietary fund increased by 1.08% from the prior year. This was mainly the result of increases in charges for services and other income. Expenses for the proprietary fund were mostly consistent with the prior year.

Financial Analysis of the Town's Fund Statements

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

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

	<u>2019</u>	<u>2018</u>	<u>Increase/ Decrease</u>
Major Funds:			
General Fund:			
Unassigned	\$ 2,225,296	\$ 2,037,837	\$ 187,459
Total Major Funds	<u>\$ 2,225,296</u>	<u>\$ 2,037,837</u>	<u>\$ 187,459</u>
Fish Pier Fund:			
General Fund:			
Nonspendable	\$ 5,187	\$ 2,195	\$ 2,992
Committed	333,491	271,110	62,381
Total Fish Pier Fund	<u>\$ 338,678</u>	<u>\$ 273,305</u>	<u>\$ 65,373</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 217,693	\$ 233,948	\$ (16,255)
Committed	13,823	13,679	144
Unassigned	(122,807)	-	(122,807)
Capital Projects Funds:			
Committed	1,340,767	1,301,196	39,571
Unassigned	-	-	-
Permanent Funds:			
Restricted	60,866	60,573	293
Total Nonmajor Funds	<u>\$ 1,510,342</u>	<u>\$ 1,609,396</u>	<u>\$ (99,054)</u>

The general fund and the fish pier fund total fund balances increased over the prior fiscal year occurred due to the regular activity of operations. Nonmajor funds total fund balances decreased by \$99,054 over the prior fiscal year due to the regular activity of operations that was less than 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.

The general fund actual revenues exceeded budget by \$441,059. All revenue categories exceeded budget with the exception of property taxes.

The general fund actual expenditures were under the budget by \$221,400. All expenditures were within or under budget.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2019, the net book value of capital assets recorded by the Town increased by \$120,491. This increase is a result of the purchase of assets of \$480,804 less annual depreciation expense of \$360,313. 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,**

	2019	2018
Land and construction in progress	\$ 6,003,167	\$ 6,003,167
Buildings, building improvements and land improvements	1,017,519	800,151
Water mains, machinery and equipment furniture/fixtures, vehicles	3,501,486	4,638,401
Infrastructure	1,455,129	415,091
Total	\$ 11,977,301	\$ 11,856,810

Debt

At December 31, 2019, the Town had \$1,135,663 in bonds and notes from direct borrowings payable outstanding versus \$1,264,390 in the prior year. Refer to Note 5 of Notes to Financial Statements for additional information.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient undesignated fund balance to sustain government operations for a period of approximately seven 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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,069,495	\$ 51,616	\$ 4,121,111
Accounts receivable (net of allowance for uncollectibles):			
Taxes	123,918	-	123,918
Liens	12,346	-	12,346
Loans	24,702	-	24,702
Other	8,805	4,493	13,298
Due from other governments	37,190	-	37,190
Inventory	5,187	-	5,187
Total current assets	<u>4,281,643</u>	<u>56,109</u>	<u>4,337,752</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	2,860,374	3,113,760	5,974,134
Total noncurrent assets	<u>8,796,874</u>	<u>3,180,427</u>	<u>11,977,301</u>
TOTAL ASSETS	<u>13,078,517</u>	<u>3,236,536</u>	<u>16,315,053</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	2,277	-	2,277
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,277</u>	<u>-</u>	<u>2,277</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,080,794</u>	<u>\$ 3,236,536</u>	<u>\$ 16,317,330</u>

TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 32,925	\$ 24,349	\$ 57,274
Payroll related liabilities	11,039	-	11,039
Other liabilities	5,200	1,243	6,443
Due to other governments	3,705	-	3,705
Current portion of long-term obligations	106,442	19,531	125,973
Total current liabilities	<u>159,311</u>	<u>45,123</u>	<u>204,434</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	156,788	820,876	977,664
Notes from direct borrowings payable	35,125	-	35,125
Accrued compensated absences	17,558	-	17,558
Net OPEB liability	28,438	-	28,438
Total noncurrent liabilities	<u>237,909</u>	<u>820,876</u>	<u>1,058,785</u>
TOTAL LIABILITIES	<u>397,220</u>	<u>865,999</u>	<u>1,263,219</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	3,498	-	3,498
Deferred inflows related to OPEB	17,315	-	17,315
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>20,813</u>	<u>-</u>	<u>20,813</u>
NET POSITION			
Net investment in capital assets	8,501,618	2,340,020	10,841,638
Restricted	278,559	-	278,559
Unrestricted	3,882,584	30,517	3,913,101
TOTAL NET POSITION	<u>12,662,761</u>	<u>2,370,537</u>	<u>15,033,298</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 13,080,794</u>	<u>\$ 3,236,536</u>	<u>\$ 16,317,330</u>

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

TOWN OF STONINGTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities:							
General government	\$ 384,245	\$ 22,176	\$ -	\$ -	\$ (362,069)	\$ -	\$ (362,069)
Public safety	243,649	1,631	-	-	(242,018)	-	(242,018)
Health and sanitation	261,663	21,363	-	-	(240,300)	-	(240,300)
Public works	479,444	16,708	19,588	-	(443,148)	-	(443,148)
Special assessments	1,841,256	-	-	-	(1,841,256)	-	(1,841,256)
Social services	11,806	-	-	-	(11,806)	-	(11,806)
Culture and recreation	19,510	-	-	-	(19,510)	-	(19,510)
Unclassified	1,337,615	960,062	88,463	-	(289,090)	-	(289,090)
Capital outlay	58,688	-	-	-	(58,688)	-	(58,688)
Unallocated depreciation (Note 4)*	77,247	-	-	-	(77,247)	-	(77,247)
Interest on long-term debt	22,036	-	-	-	(22,036)	-	(22,036)
Total governmental activities	4,737,159	1,021,940	108,051	-	(3,607,168)	-	(3,607,168)
Business-type activities:							
Water department	351,134	245,522	114,129	-	-	8,517	8,517
Total business-type activities	351,134	245,522	114,129	-	-	8,517	8,517
Total government	\$ 5,088,293	\$ 1,267,462	\$ 222,180	\$ -	(3,607,168)	8,517	(3,598,651)

* 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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes In net position:			
Net (expense) revenue	<u>(3,607,168)</u>	<u>8,517</u>	<u>(3,598,651)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	3,464,566	-	3,464,566
Excise taxes	247,324	-	247,324
Grants and contributions not restricted to specific programs	206,249	-	206,249
Investment income, net	32,474	231	32,705
Other income	124,666	41,809	166,475
Total general revenues	<u>4,075,279</u>	<u>42,040</u>	<u>4,117,319</u>
Change in net position	468,111	50,557	518,668
NET POSITION - JANUARY 1, RESTATED	<u>12,194,650</u>	<u>2,319,980</u>	<u>14,514,630</u>
NET POSITION - DECEMBER 31	<u>\$ 12,662,761</u>	<u>\$ 2,370,537</u>	<u>\$ 15,033,298</u>

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

TOWN OF STONINGTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	Fish Pier Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 2,464,691	\$ 225,885	\$ 1,378,919	\$ 4,069,495
Accounts receivable (net of allowance for uncollectibles):				
Taxes	123,918	-	-	123,918
Liens	12,346	-	-	12,346
Loans	-	-	24,702	24,702
Other	8,805	-	-	8,805
Due from other governments	37,190	-	-	37,190
Inventory	-	5,187	-	5,187
Due from other funds	427,770	107,606	534,491	1,069,867
TOTAL ASSETS	<u><u>\$ 3,074,720</u></u>	<u><u>\$ 338,678</u></u>	<u><u>\$ 1,938,112</u></u>	<u><u>\$ 5,351,510</u></u>
LIABILITIES				
Accounts payable	\$ 32,925	\$ -	\$ -	\$ 32,925
Payroll related liabilities	11,039	-	-	11,039
Other payables	5,200	-	-	5,200
Due to other governments	3,705	-	-	3,705
Due to other funds	642,097	-	427,770	1,069,867
TOTAL LIABILITIES	<u><u>694,966</u></u>	<u><u>-</u></u>	<u><u>427,770</u></u>	<u><u>1,122,736</u></u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	3,498	-	-	3,498
Deferred revenue	150,960	-	-	150,960
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>154,458</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>154,458</u></u>
FUND BALANCES				
Nonspendable	-	5,187	-	5,187
Restricted	-	-	278,559	278,559
Committed	-	333,491	1,354,590	1,688,081
Assigned	-	-	-	-
Unassigned	2,225,296	-	(122,807)	2,102,489
TOTAL FUND BALANCES	<u><u>2,225,296</u></u>	<u><u>338,678</u></u>	<u><u>1,510,342</u></u>	<u><u>4,074,316</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 3,074,720</u></u>	<u><u>\$ 338,678</u></u>	<u><u>\$ 1,938,112</u></u>	<u><u>\$ 5,351,510</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, 2019

	Total Governmental Funds
Total Fund Balances	\$ 4,074,316
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	8,796,874
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	150,960
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds	2,277
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Accrued compensated absences	(20,657)
Bond payable	(192,882)
Notes from direct borrowings payable	(102,374)
Net OPEB liability	(28,438)
Deferred inflows of resources related to pension are not financial resources and therefore are not reported in the funds	(17,315)
Net position of governmental activities	\$ 12,662,761

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, 2019

	General Fund	Fish Pier	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property Taxes	\$ 3,377,046	\$ -	\$ -	\$ 3,377,046
Excise taxes	247,324	-	-	247,324
Intergovernmental	225,837	-	88,463	314,300
Charges for services	61,878	874,256	85,806	1,021,940
Interest/costs on liens	12,612	-	-	12,612
Investment income, net	21,939	-	10,535	32,474
Other income	17,948	12,583	81,523	112,054
TOTAL REVENUES	<u>3,964,584</u>	<u>886,839</u>	<u>266,327</u>	<u>5,117,750</u>
EXPENDITURES				
Current:				
General government	340,255	-	-	340,255
Public safety	215,670	-	-	215,670
Health and sanitation	261,663	-	-	261,663
Public works	379,219	-	-	379,219
Special assessments	1,841,256	-	-	1,841,256
Social services	11,806	-	-	11,806
Culture and recreation	19,510	-	-	19,510
Unclassified	161,517	821,466	354,632	1,337,615
Debt service	131,615	-	-	131,615
Capital outlay	-	-	425,363	425,363
TOTAL EXPENDITURES	<u>3,362,511</u>	<u>821,466</u>	<u>779,995</u>	<u>4,963,972</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>602,073</u>	<u>65,373</u>	<u>(513,668)</u>	<u>153,778</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	414,614	414,614
Transfers (out)	(414,614)	-	-	(414,614)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(414,614)</u>	<u>-</u>	<u>414,614</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	187,459	65,373	(99,054)	153,778
FUND BALANCES - JANUARY 1, RESTATED	<u>2,037,837</u>	<u>273,305</u>	<u>1,609,396</u>	<u>3,920,538</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,225,296</u>	<u>\$ 338,678</u>	<u>\$ 1,510,342</u>	<u>\$ 4,074,316</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, 2019

Net change in fund balances - total governmental funds (Statement E)	\$ 153,778
<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	366,675
Depreciation expense	(238,839)
	127,836
<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	87,520
<p>Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds</p>	
	2,277
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position</p>	
	109,579
<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	4,034
Net OPEB liability	402
	4,436
<p>Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds</p>	
	(17,315)
Change in net position of governmental activities (Statement B)	\$ 468,111

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

TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2019

	<u>Enterprise Fund</u> <u>Water</u> <u>Department</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 51,616
Accounts receivable (net of allowance for uncollectibles)	4,493
Total current assets	<u>56,109</u>
Noncurrent assets:	
Land, buildings, mains, and other water assets	4,037,993
Vehicles and equipment	345,741
Total capital assets	<u>4,383,734</u>
Less: accumulated depreciation	<u>(1,203,307)</u>
Total noncurrent assets	<u>3,180,427</u>
TOTAL ASSETS	<u><u>\$ 3,236,536</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 24,349
Accrued expenses	1,243
Current portion of long-term obligations	19,531
Total current liabilities	<u>45,123</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes from direct borrowings payable	820,876
Total noncurrent liabilities	<u>820,876</u>
TOTAL LIABILITIES	<u>865,999</u>
NET POSITION	
Net investment in capital assets	2,340,020
Unrestricted	30,517
TOTAL NET POSITION	<u>2,370,537</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 3,236,536</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 YEAR ENDED DECEMBER 31, 2019

	<u>Enterprise Fund</u>
	Water
	<u>Department</u>
OPERATING REVENUES	
Charges for services	\$ 245,522
Other income	41,809
TOTAL OPERATING REVENUES	<u>287,331</u>
OPERATING EXPENSES	
Payroll	67,518
Benefits/Taxes	20,764
Utilities	14,589
Contracted services	67,297
Materials and supplies	7,724
Insurance	5,473
Depreciation and amortization	121,474
Transportation	6,502
Other operating expenses	19,437
TOTAL OPERATING EXPENSES	<u>330,778</u>
OPERATING INCOME (LOSS)	<u>(43,447)</u>
NONOPERATING REVENUES (EXPENSES)	
Project cost contributions	114,129
Interest income	231
Interest expense	(20,356)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>94,004</u>
CHANGE IN NET POSITION	50,557
NET POSITION - JANUARY 1, RESTATED	<u>2,319,980</u>
NET POSITION - DECEMBER 31	<u>\$ 2,370,537</u>

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

TOWN OF STONINGTON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Enterprise Fund</u> <u>Water</u> <u>Department</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 245,522
Other receipts	40,570
Payments to employees	(67,518)
Payments to suppliers	(162,469)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>56,105</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	231
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>231</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant proceeds for capital asset purchases	114,129
Purchase of capital assets (net)	(114,129)
Principal paid on capital debt	(19,148)
Interest paid on capital debt	(20,356)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(39,504)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,832
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>34,784</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 51,616</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (43,447)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	121,474
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,239)
(Decrease) increase in accounts payable	(21,305)
(Decrease) increase in accrued expenses	622
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 56,105</u>

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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 selectboard-manager form of government and provides the following services: general government, public safety, health and sanitation, public works, special assessments, social services, culture and recreation and unclassified.

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, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. 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 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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Fish Pier Fund is used to account for the proceeds of fuel sales and other income sources that are legally restricted to expenditures for the fish pier.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- e. 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.

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

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2019. Accounts receivable netted with allowances for uncollectible accounts were \$75,190 for the year ended December 31, 2019.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 capital assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

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

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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.

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 given by the Town Charter and expressed by the Selectboard.

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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 one type of this item, deferred outflows related to OPEB. This item is reported in the statements of net position.

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. Deferred inflows related to OPEB qualifies for reporting in this category. This item is reported only in the statement of net position. 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 1, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due on August 31, 2019. Interest on unpaid taxes commenced on September 1, 2019 at 9% per annum.

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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$67,340 for the year ended December 31, 2019.

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, 2019

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, 2019, the Town's cash balance amounting to \$4,121,111 was comprised of bank deposits of \$4,216,811. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these bank deposits, \$2,925,517 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$1,291,294 was collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,042,613
Savings	394,724
Money market accounts	61,315
ICS sweep account	1,718,159
	<u>\$ 4,216,811</u>

Investments:

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

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

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of December 31, 2019, the Town had \$0 of investments.

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2019 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ 427,770	\$ 642,097
Fish pier	107,606	-
Nonmajor special revenue funds	55,324	124,706
Nonmajor capital projects funds	479,167	302,615
Nonmajor permanent funds	-	449
Totals	<u>\$ 1,069,867</u>	<u>\$ 1,069,867</u>

The result of amounts owed between funds is considered to be in the course of normal operations by the District. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers as of December 31, 2019 consisted of the following:

	<u>Transfers From</u>	<u>Transfers To</u>
General fund	\$ -	\$ 414,614
Nonmajor capital projects funds	414,614	-
Totals	<u>\$ 414,614</u>	<u>\$ 414,614</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - INTERFUND TRANSFERS (CONTINUED)

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2019:

	Balance 1/1/19 (Restated)	Additions	Disposals	Balance 12/31/19
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 5,936,500	\$ -	\$ -	\$ 5,936,500
Depreciated assets:				
Buildings	2,058,111	208,675	-	2,266,786
Building improvements	195,533	90,000	-	285,533
Land improvements	531,341	-	-	531,341
Machinery and equipment	711,915	23,000	-	734,915
Vehicles	1,016,140	-	-	1,016,140
Infrastructure	1,638,357	45,000	-	1,683,357
	<u>6,151,397</u>	<u>366,675</u>	<u>-</u>	<u>6,518,072</u>
Less: accumulated depreciation	<u>(3,418,859)</u>	<u>(238,839)</u>	<u>-</u>	<u>(3,657,698)</u>
	<u>2,732,538</u>	<u>127,836</u>	<u>-</u>	<u>2,860,374</u>
Net capital assets	<u>\$ 8,669,038</u>	<u>\$ 127,836</u>	<u>\$ -</u>	<u>\$ 8,796,874</u>
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	\$ 66,667	\$ -	\$ -	\$ 66,667
Depreciated assets:				
Building improvements	7,469	-	-	7,469
Machinery and equipment	345,741	-	-	345,741
Infrastructure/mains, etc	3,849,728	114,129	-	3,963,857
	<u>4,202,938</u>	<u>114,129</u>	<u>-</u>	<u>4,317,067</u>
Less: accumulated depreciation	<u>(1,081,833)</u>	<u>(121,474)</u>	<u>-</u>	<u>(1,203,307)</u>
	<u>3,121,105</u>	<u>(7,345)</u>	<u>-</u>	<u>3,113,760</u>
Net capital assets	<u>\$ 3,187,772</u>	<u>\$ (7,345)</u>	<u>\$ -</u>	<u>\$ 3,180,427</u>

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

General government	\$ 33,388
Public safety	27,979
Public works	100,225
Town-wide	<u>77,247</u>
Total governmental type depreciation expense	238,839
Water department	<u>121,474</u>
Total depreciation expense	<u><u>\$ 360,313</u></u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

	Balance 1/1/19	Additions	Reductions	Balance 12/31/19	Current Portion
<u>Governmental activities</u>					
Bond payable	\$ 231,359	\$ -	\$ (38,477)	\$ 192,882	\$ 36,094
Notes from direct borrowings payable	173,476	-	(71,102)	102,374	67,249
Totals	<u>\$ 404,835</u>	<u>\$ -</u>	<u>\$ (109,579)</u>	<u>\$ 295,256</u>	<u>\$ 103,343</u>
<u>Business-type activities</u>					
Bonds payable	\$ 859,555	\$ -	\$ (19,148)	\$ 840,407	\$ 19,531
Totals	<u>\$ 859,555</u>	<u>\$ -</u>	<u>\$ (19,148)</u>	<u>\$ 840,407</u>	<u>\$ 19,531</u>

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

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.

\$ 192,882

Notes from direct borrowings payable - governmental activities

2010 First National Bank note of \$35,000 for school building. Interest is fixed at 3.8%. Monthly payments include both principal and interest in the amount of \$352 until November of 2020.

3,794

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 - LONG-TERM DEBT (CONTINUED)

2012 Bar Harbor Bank & Trust note of \$315,000 for Moose Island Causeway. Interest is fixed at 2.37%. Monthly payments include both principal and interest in the amount of \$2,895 until June of 2022. 83,580

2018 Machias Savings Bank note of \$30,000 for a vehicle. Interest is fixed at 3.03%. One payment is due on June 26, 2020 for all principal and interest due. 15,000

Total notes payable - governmental activities 102,374

Total bonds and notes from direct borrowings payable - governmental activities 295,256

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. 711,553

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. 128,854

Total bonds payable - business-type activities 840,407

Total bonds and notes payable \$ 1,135,663

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>
2020	\$ 88,007	\$ 7,508	\$ 95,515
2021	70,908	4,364	75,272
2022	54,469	2,723	57,192
2023	35,592	4,940	40,532
2024	39,756	776	40,532
2025-2029	6,524	40	6,564
	<u>\$ 295,256</u>	<u>\$ 20,351</u>	<u>\$ 315,607</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 - LONG -TERM DEBT (CONTINUED)

Business-type Activities	Principal	Interest	Total Debt Service
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	21,156	18,342	39,498
2025-2029	112,431	85,059	197,490
2030-2034	124,512	72,978	197,490
2035-2039	103,683	59,901	163,584
2040-2044	107,205	46,770	153,975
2045-2049	122,034	31,941	153,975
2050-2054	138,915	15,060	153,975
2055-2059	29,957	786	30,743
	<u>\$ 840,407</u>	<u>\$ 408,613</u>	<u>\$ 1,249,020</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, 2019 was \$20,356 for business-type activities.

All bonds payable and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended December 31, 2019 is as follows:

	Balance 1/1/2019 (Restated)	Additions	Reductions	Balance 12/31/19	Current Portion
<u>Governmental activities</u>					
Accrued compensated absences	\$ 24,691	\$ -	\$ (4,034)	\$ 20,657	\$ 3,099
Net OPEB liability	28,840	2,845	(3,247)	28,438	-
Totals	<u>\$ 53,531</u>	<u>\$ 2,845</u>	<u>\$ (7,281)</u>	<u>\$ 49,095</u>	<u>\$ 3,099</u>

Please see Notes 8 and 12 for detailed information on each of the other long-term obligations.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 - ACCRUED 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 a long-term obligation 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, 2019, the Town's liability for compensated absences is \$20,657.

NOTE 9 - NONSPENDABLE FUND BALANCES

As of December 31, 2019, the Town had the following nonspendable fund balances:

Inventory	<u><u>\$ 5,187</u></u>
-----------	------------------------

NOTE 10 - RESTRICTED FUND BALANCES

As of December 31, 2019, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 217,693
Nonmajor permanent funds (Schedule H)	60,866
	<u><u>\$ 278,559</u></u>

NOTE 11 - COMMITTED FUND BALANCE

As of December 31, 2019, the Town had the following committed fund balances:

Fish pier fund	\$ 333,491
Nonmajor special revenue funds (Schedule D)	13,823
Nonmajor capital projects funds (Schedule F)	1,340,767
	<u><u>\$ 1,688,081</u></u>

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2019, the following employees were covered by the benefit terms:

Active members	5
Retirees and spouses	-
Total	<u>5</u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POC C	\$1,044.20	\$2,342.30
<u>Medicare</u>		
Medicare-Eligible Retirees	\$527.65	\$1,055.29

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2019, the Town reported a liability of \$28,438 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$11,795. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 14,474
Changes of assumptions	2,277	2,841
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 2,277</u>	<u>\$ 17,315</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>
Plan year ended December 31:	
2020	\$ (2,439)
2021	(2,439)
2022	(2,439)
2023	(2,439)
2024	(2,439)
Thereafter	(2,843)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2018. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 4.10% per annum for December 31, 2019 was based upon a measurement date of December 27, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 33,549	\$ 28,438	\$ 24,305
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 33,549</u>	<u>\$ 28,438</u>	<u>\$ 24,305</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability	\$ 23,979	\$ 28,438	\$ 34,068
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 23,979</u>	<u>\$ 28,438</u>	<u>\$ 34,068</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 0.00%	 0.00%	 0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2018, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Assumptions

The actuarial assumptions used in the January 1, 2018 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Discount Rate - 4.10% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected.

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended December 31, 2019 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2019 was (\$14,474).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town office at P.O. Box 9, Stonington, Maine 04681.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 13 - 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 14 - 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 15 - DEFICIT FUND BALANCES

The following funds had deficit fund balances as of December 31, 2019:

Nonmajor special revenue funds:	
Flood vulnerability study	\$ 28,071
AFG fire department	64,350
Shore/harbor planning	32,285
	<u>\$ 124,706</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - EXPENDITURES OVER APPROPRIATIONS

The Town had the following overspent appropriations at December 31, 2019:

Wages, salaries and taxes	\$ 2,588
Street lights	196
Health officer	6
Town garage	1,938
Colwell Ramp	4
Economic development	1,358
	<u>\$ 6,090</u>

NOTE 17 - OVERLAPPING DEBT

The Town's proportionate share of debt of CSD No. 13 has not been recorded in the financial statements 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. The County of Hancock does not have any outstanding debt. As of December 31, 2019, the Town's share of the school debt was as follows:

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

NOTE 18 - RESTATEMENTS

The beginning fund balance of the general fund was restated by (\$11,766) to record expenses that should have been shown as accounts payable as of January 1, 2019. The general fund beginning fund balance was restated from \$2,049,603 to \$2,037,837.

The beginning net position of the governmental activities was restated to correct several capital asset balances in the amount of \$55,935.

The net position of the governmental activities has also been restated at January 1, 2019 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by (\$28,840).

The resulting restatements increased net position from \$12,179,321 to \$12,194,650.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental 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
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions
- Notes to Required Supplementary Information

TOWN OF STONINGTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1, Restated	\$ 2,037,837	\$ 2,037,837	\$ 2,037,837	\$ -
Resources (Inflows):				
Property taxes	3,420,197	3,420,197	3,377,046	(43,151)
Excise taxes	-	-	247,324	247,324
Intergovernmental	103,328	103,328	225,837	122,509
Charges for services	-	-	61,878	61,878
Interest/Costs on liens	-	-	12,612	12,612
Investment income, net	-	-	21,939	21,939
Other revenues	-	-	17,948	17,948
Amounts Available for Appropriation	<u>5,561,362</u>	<u>5,561,362</u>	<u>6,002,421</u>	<u>441,059</u>
Charges to Appropriations (Outflows):				
General government	375,750	375,750	340,255	35,495
Public safety	229,925	229,925	215,670	14,255
Health and sanitation	302,600	302,600	261,663	40,937
Public works	479,150	479,150	379,219	99,931
Special assessments	1,841,256	1,841,256	1,841,256	-
Social services	13,126	13,126	11,806	1,320
Culture and recreation	24,200	24,200	19,510	4,690
Unclassified	184,876	184,876	161,517	23,359
Debt service	133,792	133,792	131,615	2,177
Transfers to other funds	413,850	413,850	414,614	(764)
Total Charges to Appropriation	<u>3,998,525</u>	<u>3,998,525</u>	<u>3,777,125</u>	<u>221,400</u>
Budgetary Fund Balance, December 31	<u>\$ 1,562,837</u>	<u>\$ 1,562,837</u>	<u>\$ 2,225,296</u>	<u>\$ 662,459</u>
Utilization of unassigned fund balance	<u>\$ 475,000</u>	<u>\$ 475,000</u>	<u>\$ -</u>	<u>\$ (475,000)</u>

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

TOWN OF STONINGTON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/18 (Reporting December 31, 2018)	\$ 28,840	\$ -	\$ 28,840
Changes for the year:			
Service cost	1,791	-	1,791
Interest	1,054	-	1,054
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(3,247)	-	(3,247)
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>(402)</u>	<u>-</u>	<u>(402)</u>
Balances at 1/1/19 (Reporting December 31, 2019)	<u>\$ 28,438</u>	<u>\$ -</u>	<u>\$ 28,438</u>

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

TOWN OF STONINGTON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>		
Service cost (BOY)	\$ 1,791	\$ 2,840
Interest (includes interest on service cost)	1,054	1,647
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(19,298)
Changes of assumptions	(3,247)	3,035
Benefit payments, including refunds of member contributions	-	(243)
Net change in total OPEB liability	<u>\$ (402)</u>	<u>\$ (12,019)</u>
Total OPEB liability - beginning	\$ 28,840	\$ 40,859
Total OPEB liability - ending	\$ 28,438	\$ 28,840
<u>Plan fiduciary net position</u>		
Contributions - employer	-	243
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	-	(243)
Administrative expense	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 28,438</u>	<u>\$ 28,840</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	\$ 215,350	\$ 215,350
Net OPEB liability as a percentage of covered payroll	13.2%	13.4%

* The amounts presented for each fiscal year are for those years for which information is available.

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

TOWN OF STONINGTON, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>		
Employer contributions	\$ -	\$ 243
Benefit payments	-	(243)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 215,350	\$ 215,350
Contributions as a percentage of covered payroll	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

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

TOWN OF STONINGTON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Changes of Assumptions

MMEHT Plan

There was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

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 Governmental 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, 2019

	Appropriations	Budget Adjustments	Total Available	Actual Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 107,400	\$ -	\$ 107,400	\$ 89,750	\$ 17,650
Wages, salaries and taxes	195,050	-	195,050	197,638	(2,588)
Employee healthcare	50,000	-	50,000	32,870	17,130
Town hall maintenance	20,850	-	20,850	17,921	2,929
Planning board	2,200	-	2,200	2,076	124
Appeals board	250	-	250	-	250
Total	<u>375,750</u>	<u>-</u>	<u>375,750</u>	<u>340,255</u>	<u>35,495</u>
PUBLIC SAFETY					
Animal control	6,350	-	6,350	1,883	4,467
Hydrant rental	70,400	-	70,400	70,400	-
Code enforcement	14,775	-	14,775	13,145	1,630
Health officer	250	-	250	256	(6)
Fire department	52,250	-	52,250	49,085	3,165
911-Road signs	600	-	600	-	600
Sheriff services	74,800	-	74,800	70,205	4,595
Street lights	10,500	-	10,500	10,696	(196)
Total	<u>229,925</u>	<u>-</u>	<u>229,925</u>	<u>215,670</u>	<u>14,255</u>
HEALTH AND SANITATION					
Transfer station	302,600	-	302,600	261,663	40,937
Total	<u>302,600</u>	<u>-</u>	<u>302,600</u>	<u>261,663</u>	<u>40,937</u>

TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriations</u>	<u>Budget Adjustments</u>	<u>Total Available</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
PUBLIC WORKS					
Town roads	186,600	-	186,600	162,249	24,351
Winter roads	203,950	-	203,950	142,307	61,643
Equipment	36,800	-	36,800	20,921	15,879
Town garage	11,800	-	11,800	13,738	(1,938)
Colwell ramp	40,000	-	40,000	40,004	(4)
Total	<u>479,150</u>	<u>-</u>	<u>479,150</u>	<u>379,219</u>	<u>99,931</u>
SPECIAL ASSESSMENTS					
School	1,712,523	-	1,712,523	1,712,523	-
County tax	128,733	-	128,733	128,733	-
Total	<u>1,841,256</u>	<u>-</u>	<u>1,841,256</u>	<u>1,841,256</u>	<u>-</u>
SOCIAL SERVICES					
General assistance	1,500	-	1,500	180	1,320
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>11,806</u>	<u>1,320</u>
CULTURE AND RECREATION					
Stonington Public Library	10,000	-	10,000	10,000	-
Athletic field	1,000	-	1,000	236	764
Town parks	13,200	-	13,200	9,274	3,926
Total	<u>24,200</u>	<u>-</u>	<u>24,200</u>	<u>19,510</u>	<u>4,690</u>

TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriations	Budget Adjustments	Total Available	Actual Expenditures	Variance Positive (Negative)
DEBT SERVICE					
Loader	23,679	-	23,679	21,502	2,177
Moose island causeway	34,743	-	34,743	34,743	-
Peterbuilt truck	17,728	-	17,728	17,728	-
International truck	15,000	-	15,000	15,000	-
School building	2,112	-	2,112	2,112	-
Hagen dock rebuild	40,530	-	40,530	40,530	-
Total	<u>133,792</u>	<u>-</u>	<u>133,792</u>	<u>131,615</u>	<u>2,177</u>
UNCLASSIFIED					
Downeast Transportation	800	-	800	800	-
Economic Development	25,000	-	25,000	26,358	(1,358)
Fourth of July	3,600	-	3,600	3,600	-
Hancock County RCC	4,778	-	4,778	4,777	1
Healthy Island	3,500	-	3,500	3,500	-
Hancock County Planning	1,290	-	1,290	1,290	-
Chamber of Commerce	700	-	700	700	-
Memorial Day	450	-	450	450	-
Downeast Community Partners	9,451	-	9,451	9,451	-
Hospice Volunteers of Hancock County	1,000	-	1,000	1,000	-
Island Community Center	13,000	-	13,000	13,000	-
WIC program	945	-	945	945	-
Project Launch	1,500	-	1,500	1,500	-
Opiate Free Island Partnership	10,000	-	10,000	10,000	-
Lifelight Foundation	522	-	522	522	-
Tax discounts	29,000	-	29,000	27,476	1,524
Sand beach	8,500	-	8,500	7,935	565
Cemeteries	3,500	-	3,500	2,829	671
Overlay/Abatements	67,340	-	67,340	45,384	21,956
Total	<u>184,876</u>	<u>-</u>	<u>184,876</u>	<u>161,517</u>	<u>23,359</u>
Transfer to other funds	413,850	-	413,850	414,614	(764)
Total	<u>413,850</u>	<u>-</u>	<u>413,850</u>	<u>414,614</u>	<u>(764)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 3,998,525</u>	<u>\$ -</u>	<u>\$ 3,998,525</u>	<u>\$ 3,777,125</u>	<u>\$ 221,400</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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Property taxes	\$ 3,420,197	\$ 3,420,197	\$ 3,377,046	\$ (43,151)
Excise taxes:				
Auto excise	-	-	247,324	247,324
Intergovernmental revenues:				
State revenue sharing	51,263	51,263	50,348	(915)
Homestead exemption	44,871	44,871	50,305	5,434
Local road assistance	-	-	19,588	19,588
BETE reimbursement	7,194	7,194	-	(7,194)
Tree growth	-	-	2,764	2,764
Other intergovernmental	-	-	102,832	102,832
Interest/Investment income, net	-	-	21,939	21,939
Interest/Costs on liens	-	-	12,612	12,612
Charges for services:				
Municipal agent fees	-	-	7,030	7,030
Snow removal contract	-	-	16,708	16,708
Building permits	-	-	6,422	6,422
Demo debris income	-	-	18,869	18,869
Recycling	-	-	2,494	2,494
Trash fees	-	-	1,631	1,631
Other fees	-	-	4,549	4,549
In lieu of taxes	-	-	4,175	4,175
Other income:				
CATV fee	-	-	3,326	3,326
Miscellaneous	-	-	14,622	14,622
TOTAL REVENUES	<u>\$ 3,523,525</u>	<u>\$ 3,523,525</u>	<u>\$ 3,964,584</u>	<u>\$ 441,059</u>

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

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 153,389	\$ 1,164,215	\$ 61,315	\$ 1,378,919
Loans receivable	24,702	-	-	24,702
Due from other funds	55,324	479,167	-	534,491
TOTAL ASSETS	<u>\$ 233,415</u>	<u>\$ 1,643,382</u>	<u>\$ 61,315</u>	<u>\$ 1,938,112</u>
LIABILITIES				
Due to other funds	\$ 124,706	\$ 302,615	\$ 449	\$ 427,770
TOTAL LIABILITIES	<u>124,706</u>	<u>302,615</u>	<u>449</u>	<u>427,770</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	217,693	-	60,866	278,559
Committed	13,823	1,340,767	-	1,354,590
Assigned	-	-	-	-
Unassigned	(122,807)	-	-	(122,807)
TOTAL FUND BALANCES	<u>108,709</u>	<u>1,340,767</u>	<u>60,866</u>	<u>1,510,342</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 233,415</u>	<u>\$ 1,643,382</u>	<u>\$ 61,315</u>	<u>\$ 1,938,112</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, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental income	\$ 88,463	\$ -	\$ -	\$ 88,463
Charges for services	-	85,806	-	85,806
Investment income	144	10,098	293	10,535
Other income	2,814	78,709	-	81,523
TOTAL REVENUES	<u>91,421</u>	<u>174,613</u>	<u>293</u>	<u>266,327</u>
EXPENDITURES				
Capital outlay	-	425,363	-	425,363
Other	230,339	124,293	-	354,632
TOTAL EXPENDITURES	<u>230,339</u>	<u>549,656</u>	<u>-</u>	<u>779,995</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(138,918)</u>	<u>(375,043)</u>	<u>293</u>	<u>(513,668)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	414,614	-	414,614
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>414,614</u>	<u>-</u>	<u>414,614</u>
NET CHANGE IN FUND BALANCES	(138,918)	39,571	293	(99,054)
FUND BALANCES - JANUARY 1	<u>247,627</u>	<u>1,301,196</u>	<u>60,573</u>	<u>1,609,396</u>
FUND BALANCES - DECEMBER 31	<u>\$ 108,709</u>	<u>\$ 1,340,767</u>	<u>\$ 60,866</u>	<u>\$ 1,510,342</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, 2019

	Community Benefit Grant	Flood Vulnerability Study	Heating Fund	Genesis Study	MCF Housing	MMA Safety Grant	Stonington Water
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 12,155	\$ -	\$ -	\$ -	\$ -
Loans receivable	-	-	-	-	-	-	-
Due from other funds	2,038	-	1,492	176	2,000	500	1,399
TOTAL ASSETS	\$ 2,038	\$ -	\$ 13,647	\$ 176	\$ 2,000	\$ 500	\$ 1,399
LIABILITIES							
Due to other funds	\$ -	\$ 28,071	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	28,071	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	2,038	-	-	-	2,000	-	-
Committed	-	-	13,647	176	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(28,071)	-	-	-	500	1,399
TOTAL FUND BALANCES (DEFICITS)	2,038	(28,071)	13,647	176	2,000	500	1,399
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 2,038	\$ -	\$ 13,647	\$ 176	\$ 2,000	\$ 500	\$ 1,399

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

	AFG Fire Dept	State of Maine	Shore/Harbor Planning	Microloan Program	Ralston Property	Broadband Feasibility	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 141,234	\$ -	\$ -	\$ 153,389
Loans receivable	-	-	-	24,702	-	-	24,702
Due from other funds	-	-	-	15,100	24,589	8,030	55,324
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,036</u>	<u>\$ 24,589</u>	<u>\$ 8,030</u>	<u>\$ 233,415</u>
LIABILITIES							
Due to other funds	\$ 64,350	\$ -	\$ 32,285	\$ -	\$ -	\$ -	\$ 124,706
TOTAL LIABILITIES	<u>64,350</u>	<u>-</u>	<u>32,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,706</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	181,036	24,589	8,030	217,693
Committed	-	-	-	-	-	-	13,823
Assigned	-	-	-	-	-	-	-
Unassigned	(64,350)	-	(32,285)	-	-	-	(122,807)
TOTAL FUND BALANCES (DEFICITS)	<u>(64,350)</u>	<u>-</u>	<u>(32,285)</u>	<u>181,036</u>	<u>24,589</u>	<u>8,030</u>	<u>108,709</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,036</u>	<u>\$ 24,589</u>	<u>\$ 8,030</u>	<u>\$ 233,415</u>

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

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Community Benefit Grant	Flood Vulnerability Study	Heating Fund	Genesis Study	MCF Housing	MMA Safety Grant	Stonington Water
REVENUES							
Intergovernmental income	\$ -	\$ 17,874	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	144	-	-	-	-
Other income	-	-	-	-	-	500	1,399
TOTAL REVENUES	-	17,874	144	-	-	500	1,399
EXPENDITURES							
Other	-	45,945	-	-	-	-	-
TOTAL EXPENDITURES	-	45,945	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(28,071)	144	-	-	500	1,399
FUND BALANCES (DEFICITS) - JANUARY 1	2,038	-	13,503	176	2,000	-	-
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 2,038	\$ (28,071)	\$ 13,647	\$ 176	\$ 2,000	\$ 500	\$ 1,399

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	AFG Fire Dept	State of Maine	Shore/Harbor Planning	Microloan Program	Ralston Property	Broadband Feasibility	Total
REVENUES							
Intergovernmental income	\$ -	\$ 65,422	\$ 5,167	\$ -	\$ -	\$ -	\$ 88,463
Investment income	-	-	-	-	-	-	144
Other income	-	-	-	915	-	-	2,814
TOTAL REVENUES	<u>-</u>	<u>65,422</u>	<u>5,167</u>	<u>915</u>	<u>-</u>	<u>-</u>	<u>91,421</u>
EXPENDITURES							
Other	64,350	65,422	37,452	15,430	-	1,740	230,339
TOTAL EXPENDITURES	<u>64,350</u>	<u>65,422</u>	<u>37,452</u>	<u>15,430</u>	<u>-</u>	<u>1,740</u>	<u>230,339</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(64,350)	-	(32,285)	(14,515)	-	(1,740)	(138,918)
FUND BALANCES (DEFICITS) - JANUARY 1	-	-	-	195,551	24,589	9,770	247,627
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ (64,350)</u>	<u>\$ -</u>	<u>\$ (32,285)</u>	<u>\$ 181,036</u>	<u>\$ 24,589</u>	<u>\$ 8,030</u>	<u>\$ 108,709</u>

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

Capital Projects Funds

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

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2019

	Airport	Athletic Field	Seawall Reserve	Hagen Dock	Conservation Commission	Fire Dept. Capital
ASSETS						
Cash and cash equivalents	\$ 6,461	\$ 20,659	\$ 179,813	\$ -	\$ 255	\$ 192,001
Due from other funds	2,246	1,480	-	16,848	-	7,246
TOTAL ASSETS	\$ 8,707	\$ 22,139	\$ 179,813	\$ 16,848	\$ 255	\$ 199,247
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 96,453	\$ -	\$ 69	\$ -
TOTAL LIABILITIES	-	-	96,453	-	69	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	8,707	22,139	83,360	16,848	186	199,247
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	8,707	22,139	83,360	16,848	186	199,247
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,707	\$ 22,139	\$ 179,813	\$ 16,848	\$ 255	\$ 199,247

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2019

	Gym Building	Harbor	Playground Reserve	Rainy Day Reserve	Road Equipment	Public Safety Reserve	School Building	Shellfish
ASSETS								
Cash and cash equivalents	\$ 130,499	\$ 199,809	\$ 2,498	\$ 45,994	\$ 101,833	\$ -	\$ 83,860	\$ 34,041
Due from other funds	-	68,696	85	9	-	-	23,061	-
TOTAL ASSETS	<u>\$ 130,499</u>	<u>\$ 268,505</u>	<u>\$ 2,583</u>	<u>\$ 46,003</u>	<u>\$ 101,833</u>	<u>\$ -</u>	<u>\$ 106,921</u>	<u>\$ 34,041</u>
LIABILITIES								
Due to other funds	\$ 102,816	\$ -	\$ -	\$ -	\$ 79,057	\$ -	\$ -	\$ 13,159
TOTAL LIABILITIES	<u>102,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,057</u>	<u>-</u>	<u>-</u>	<u>13,159</u>
FUND BALANCES								
Nonspendable								
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	27,683	268,505	2,583	46,003	22,776	-	106,921	20,882
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,683</u>	<u>268,505</u>	<u>2,583</u>	<u>46,003</u>	<u>22,776</u>	<u>-</u>	<u>106,921</u>	<u>20,882</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 130,499</u>	<u>\$ 268,505</u>	<u>\$ 2,583</u>	<u>\$ 46,003</u>	<u>\$ 101,833</u>	<u>\$ -</u>	<u>\$ 106,921</u>	<u>\$ 34,041</u>

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2019

	Swimming Pool	Town Hall	Harbor Float	Transfer Station Reserve	Transfer Station Project	Unemploy. Fund
ASSETS						
Cash and cash equivalents	\$ 1,872	\$ 26,354	\$ 22,231	\$ 26,023	\$ -	\$ 14,268
Due from other funds	1	914	12	4,125	174,377	-
TOTAL ASSETS	<u>\$ 1,873</u>	<u>\$ 27,268</u>	<u>\$ 22,243</u>	<u>\$ 30,148</u>	<u>\$ 174,377</u>	<u>\$ 14,268</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,061
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,061</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	1,873	27,268	22,243	30,148	174,377	3,207
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,873</u>	<u>27,268</u>	<u>22,243</u>	<u>30,148</u>	<u>174,377</u>	<u>3,207</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,873</u>	<u>\$ 27,268</u>	<u>\$ 22,243</u>	<u>\$ 30,148</u>	<u>\$ 174,377</u>	<u>\$ 14,268</u>

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2019

	Salt/Sand Shed	Sidewalks Project	Broadband Reserve	Fire Station Building Reserve	Sea Level Rise Reserve	Waterfront Access	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,744	\$ 1,164,215
Due from other funds	46,063	24,003	10,000	75,000	25,000	1	479,167
TOTAL ASSETS	\$ 46,063	\$ 24,003	\$ 10,000	\$ 75,000	\$ 25,000	\$ 75,745	\$ 1,643,382
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,615
TOTAL LIABILITIES	-	-	-	-	-	-	302,615
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	46,063	24,003	10,000	75,000	25,000	75,745	1,340,767
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	46,063	24,003	10,000	75,000	25,000	75,745	1,340,767
TOTAL LIABILITIES AND FUND BALANCES	\$ 46,063	\$ 24,003	\$ 10,000	\$ 75,000	\$ 25,000	\$ 75,745	\$ 1,643,382

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, 2019

	Airport	Athletic Field	Seawall Reserve	Hagen Dock	Conservation Commission	Fire Dept. Capital
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	77	99	1,991	-	2	2,038
Other income	6,396	-	-	-	-	125
TOTAL REVENUES	<u>6,473</u>	<u>99</u>	<u>1,991</u>	<u>-</u>	<u>2</u>	<u>2,163</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	7,340	-	-	-	-	-
TOTAL EXPENDITURES	<u>7,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(867)</u>	<u>99</u>	<u>1,991</u>	<u>-</u>	<u>2</u>	<u>2,163</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	15,764	15,000	-	100	25,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>15,764</u>	<u>15,000</u>	<u>-</u>	<u>100</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCES	(867)	15,863	16,991	-	102	27,163
FUND BALANCES - JANUARY 1	<u>9,574</u>	<u>6,276</u>	<u>66,369</u>	<u>16,848</u>	<u>84</u>	<u>172,084</u>
FUND BALANCES - DECEMBER 31	<u>\$ 8,707</u>	<u>\$ 22,139</u>	<u>\$ 83,360</u>	<u>\$ 16,848</u>	<u>\$ 186</u>	<u>\$ 199,247</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, 2019

	Gym Building	Harbor	Playground Reserve	Rainy Day Reserve	Road Equipment	Public Safety Reserve	School Building	Shellfish
REVENUES								
Charges for services	\$ -	\$ 64,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,356
Investment income	571	1,012	30	254	1,113	-	994	351
Other income	3,300	11,347	-	-	-	-	50,395	3,646
TOTAL REVENUES	<u>3,871</u>	<u>76,809</u>	<u>30</u>	<u>254</u>	<u>1,113</u>	<u>-</u>	<u>51,389</u>	<u>25,353</u>
EXPENDITURES								
Capital outlay	67,000	-	-	-	-	-	-	-
Other	19,957	43,726	-	-	-	-	24,765	23,152
TOTAL EXPENDITURES	<u>86,957</u>	<u>43,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,765</u>	<u>23,152</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(83,086)</u>	<u>33,083</u>	<u>30</u>	<u>254</u>	<u>1,113</u>	<u>-</u>	<u>26,624</u>	<u>2,201</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	100,500	50,000	-	30,000	10,000	-	250	5,500
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,500</u>	<u>50,000</u>	<u>-</u>	<u>30,000</u>	<u>10,000</u>	<u>-</u>	<u>250</u>	<u>5,500</u>
NET CHANGE IN FUND BALANCES	17,414	83,083	30	30,254	11,113	-	26,874	7,701
FUND BALANCES - JANUARY 1	<u>10,269</u>	<u>185,422</u>	<u>2,553</u>	<u>15,749</u>	<u>11,663</u>	<u>-</u>	<u>80,047</u>	<u>13,181</u>
FUND BALANCES - DECEMBER 31	<u>\$ 27,683</u>	<u>\$ 268,505</u>	<u>\$ 2,583</u>	<u>\$ 46,003</u>	<u>\$ 22,776</u>	<u>\$ -</u>	<u>\$ 106,921</u>	<u>\$ 20,882</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, 2019

	Swimming Pool	Town Hall	Harbor Float	Transfer Station Reserve	Transfer Station Project	Unemploy. Fund
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	22	294	240	261	-	92
Other income	-	-	-	3,500	-	-
TOTAL REVENUES	<u>22</u>	<u>294</u>	<u>240</u>	<u>3,761</u>	<u>-</u>	<u>92</u>
EXPENDITURES						
Capital outlay	-	9,100	-	-	-	-
Other	-	-	-	-	-	5,353
TOTAL EXPENDITURES	<u>-</u>	<u>9,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,353</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>22</u>	<u>(8,806)</u>	<u>240</u>	<u>3,761</u>	<u>-</u>	<u>(5,261)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	12,000	2,500	5,000	-	8,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>12,000</u>	<u>2,500</u>	<u>5,000</u>	<u>-</u>	<u>8,000</u>
NET CHANGE IN FUND BALANCES	22	3,194	2,740	8,761	-	2,739
FUND BALANCES - JANUARY 1	<u>1,851</u>	<u>24,074</u>	<u>19,503</u>	<u>21,387</u>	<u>174,377</u>	<u>468</u>
FUND BALANCES - DECEMBER 31	<u>\$ 1,873</u>	<u>\$ 27,268</u>	<u>\$ 22,243</u>	<u>\$ 30,148</u>	<u>\$ 174,377</u>	<u>\$ 3,207</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, 2019

	Salt/Sand Shed	Sidewalks Project	Broadband Reserve	Fire Station Building Reserve	Sea Level Rise Reserve	Waterfront Access	Total
REVENUES							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,806
Investment income	-	-	-	-	-	657	10,098
Other income	-	-	-	-	-	-	78,709
TOTAL REVENUES	-	-	-	-	-	657	174,613
EXPENDITURES							
Capital outlay	349,263	-	-	-	-	-	425,363
Other	-	-	-	-	-	-	124,293
TOTAL EXPENDITURES	349,263	-	-	-	-	-	549,656
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(349,263)	-	-	-	-	657	(375,043)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	10,000	75,000	25,000	25,000	414,614
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	10,000	75,000	25,000	25,000	414,614
NET CHANGE IN FUND BALANCES	(349,263)	-	10,000	75,000	25,000	25,657	39,571
FUND BALANCES - JANUARY 1	395,326	24,003	-	-	-	50,088	1,301,196
FUND BALANCES - DECEMBER 31	\$ 46,063	\$ 24,003	\$ 10,000	\$ 75,000	\$ 25,000	\$ 75,745	\$ 1,340,767

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, 2019

	<u>Cemetery Fund</u>	<u>Bartlett/ McDonald</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 59,941	\$ 1,374	\$ 61,315
TOTAL ASSETS	<u>\$ 59,941</u>	<u>\$ 1,374</u>	<u>\$ 61,315</u>
LIABILITIES			
Due to other funds	\$ 449	\$ -	\$ 449
TOTAL LIABILITIES	<u>449</u>	<u>-</u>	<u>449</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	59,492	1,374	60,866
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>59,492</u>	<u>1,374</u>	<u>60,866</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,941</u>	<u>\$ 1,374</u>	<u>\$ 61,315</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, 2019

	Cemetery Fund	Bartlett/ McDonald	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Investment income	\$ 287	\$ 6	\$ 293
TOTAL REVENUES	<u>287</u>	<u>6</u>	<u>293</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	287	6	293
FUND BALANCES - JANUARY 1	<u>59,205</u>	<u>1,368</u>	<u>60,573</u>
FUND BALANCES - DECEMBER 31	<u>\$ 59,492</u>	<u>\$ 1,374</u>	<u>\$ 60,866</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, 2019

	Land and Construction in Progress	Buildings, Building Improvements, and Land Improvements	Water Mains, Machinery and Equipment, Furniture/Fixtures, Vehicles	Infrastructure	Total
Administration	\$ 148,800	\$ 524,911	\$ -	\$ -	\$ 673,711
Public safety	385,500	93,400	618,804	-	1,097,704
Public works	81,400	841,735	814,971	454,770	2,192,876
Water department	66,667	7,469	4,309,598	-	4,383,734
Health and sanitation	-	385,460	86,837	-	472,297
Town-wide	<u>5,320,800</u>	<u>1,238,154</u>	<u>230,443</u>	<u>1,228,587</u>	<u>8,017,984</u>
Total General Capital Assets	6,003,167	3,091,129	6,060,653	1,683,357	16,838,306
Less: Accumulated Depreciation	<u>-</u>	<u>(2,073,610)</u>	<u>(2,559,167)</u>	<u>(228,228)</u>	<u>(4,861,005)</u>
Net General Capital Assets	<u>\$ 6,003,167</u>	<u>\$ 1,017,519</u>	<u>\$ 3,501,486</u>	<u>\$ 1,455,129</u>	<u>\$ 11,977,301</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, 2019

	General Capital Assets 1/1/19 (Restated)	Additions	Deletions	General Capital Assets 12/31/19
Administration	\$ 673,711	\$ -	\$ -	\$ 673,711
Public safety	1,097,704	-	-	1,097,704
Public works	1,979,201	213,675	-	2,192,876
Water department	4,269,605	114,129	-	4,383,734
Health and sanitation	472,297	-	-	472,297
Town-wide	<u>7,864,984</u>	<u>153,000</u>	<u>-</u>	<u>8,017,984</u>
Total General Capital Assets	16,357,502	480,804	-	16,838,306
Less: Accumulated Depreciation	<u>(4,500,692)</u>	<u>(360,313)</u>	<u>-</u>	<u>(4,861,005)</u>
Net General Capital Assets	<u>\$ 11,856,810</u>	<u>\$ 120,491</u>	<u>\$ -</u>	<u>\$ 11,977,301</u>

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



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

Selectboard
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, 2019 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 December 21, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stonington, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Stonington, Maine in a separate letter dated October 8, 2020.

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
December 21, 2020