

Audited Financial Statements and
Other Supplemental Information

Town of Stonington, Maine

December 31, 2021



Proven Expertise & Integrity

TOWN OF STONINGTON, MAINE

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Stonington
Stonington, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental 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, 2021 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Town of Stonington, Maine as of December 31, 2021 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Stonington, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Stonington, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 Town of Stonington, Maine's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Stonington, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and OPEB information on pages 5 through 12 and 55 through 59 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stonington, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2022, on our consideration of the Town of Stonington, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town of Stonington, Maine's 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
July 25, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

(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, 2021. 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, OPEB schedules 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 - OPEB 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 increased by \$784,344 from \$13,450,638 to \$14,234,982. For the business-type activities total net position decreased by \$156,706 from \$2,312,785 to \$2,156,079.

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 \$5,169,374 at the end of this year for governmental activities, an increase of \$747,412. The business-type activities unrestricted net position is \$21,964, a decrease of \$54,608.

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

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Assets				
Current Assets	\$ 5,755,885	\$ 4,833,283	\$ 74,035	\$ 89,293
Noncurrent Assets - Capital Assets	8,908,636	8,957,340	2,935,452	3,057,471
Total Assets	<u>14,664,521</u>	<u>13,790,623</u>	<u>3,009,487</u>	<u>3,146,764</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	11,232	11,596	-	-
Total Deferred Outflows of Resources	<u>11,232</u>	<u>11,596</u>	<u>-</u>	<u>-</u>
Liabilities				
Current Liabilities	273,603	135,896	71,602	32,252
Noncurrent Liabilities	148,687	194,504	781,806	801,727
Total Liabilities	<u>422,290</u>	<u>330,400</u>	<u>853,408</u>	<u>833,979</u>
Deferred Inflows of Resources				
Prepaid Taxes	6,802	6,684	-	-
Deferred Inflows Related to OPEB	11,679	14,497	-	-
Total Deferred Inflows of Resources	<u>18,481</u>	<u>21,181</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	8,772,301	8,750,091	2,134,115	2,236,213
Restricted	293,307	278,585	-	-
Unrestricted	5,169,374	4,421,962	21,964	76,572
Total Net Position	<u>\$ 14,234,982</u>	<u>\$ 13,450,638</u>	<u>\$ 2,156,079</u>	<u>\$ 2,312,785</u>

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

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 1,241,628	\$ 838,264	\$ 252,052	\$ 249,255
Operating grants and contributions	118,246	75,027	-	-
<i>General revenues:</i>				
Property taxes	3,398,218	3,383,154	-	-
Excise taxes	283,461	245,526	-	-
Grants and contributions not restricted to specific programs	162,540	127,047	-	-
Investment income, net	13,635	25,181	72	113
Other revenue	186,210	64,306	1,723	12,453
Total Revenues	5,403,938	4,758,505	253,847	261,821
Expenses				
General government	451,137	293,668	-	-
Public safety	205,917	213,823	-	-
Health and sanitation	278,671	280,491	-	-
Public works	262,261	320,661	-	-
Special assessments	1,830,150	1,833,948	-	-
Social services	12,710	11,876	-	-
Culture and recreation	25,543	24,261	-	-
Unclassified	1,451,296	1,091,469	390,586	299,220
Depreciation	84,748	84,414	-	-
Interest on long-term debt	17,161	18,642	19,967	20,353
Total Expenses	4,619,594	4,173,253	410,553	319,573
Change in Net Position	784,344	585,252	(156,706)	(57,752)
Net Position - January 1	13,450,638	12,865,386	2,312,785	2,370,537
Net Position - December 31	\$ 14,234,982	\$ 13,450,638	\$ 2,156,079	\$ 2,312,785

Revenues and Expenses

Revenues for the Town's governmental activities increased by 13.56%, while total expenses increased by 10.70%. All revenue categories saw increases except for net investment income. Increases to expenses were in general government, social services, culture and recreation, unclassified and depreciation.

Revenues for the proprietary fund decreased by 3.05% primarily due to charges for services. Expenses for the proprietary fund increased by 28.47% primarily due to payroll and benefits/taxes.

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,

	2021	2020	Increase/ (Decrease)
Major Funds:			
General Fund:			
Unassigned	\$ 2,895,207	\$ 2,449,587	\$ 445,620
Total Major Funds	\$ 2,895,207	\$ 2,449,587	\$ 445,620
Fish Pier Fund:			
General Fund:			
Nonspendable	\$ 10,767	\$ 7,843	\$ 2,924
Committed	431,613	382,507	49,106
Total Fish Pier Fund	\$ 442,380	\$ 390,350	\$ 52,030
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 221,259	\$ 217,424	\$ 3,835
Committed	70,875	15,158	55,717
Unassigned	(202,950)	(231,769)	28,819
Capital Projects Funds:			
Committed	1,902,006	1,696,447	205,559
Unassigned	(10,873)	-	(10,873)
Permanent Funds:			
Restricted	61,281	61,161	120
Total Nonmajor Funds	\$ 2,041,598	\$ 1,758,421	\$ 283,177

The changes to total fund balances for the general fund, the fish pier fund and the nonmajor funds occurred due to the regular activity of operations.

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

The difference between the original and final budget for the general fund was the result of utilization of unassigned fund balance.

The general fund actual revenues exceeded the budget by \$519,347. All revenue categories exceeded the budget.

The general fund actual expenditures were below the budget by \$860,023. All expenditures were under budget with the exception of general government.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2021, the net book value of capital assets recorded by the Town decreased by \$170,723. This decrease is a result of capital additions of \$177,601 less current year depreciation expense of \$348,324. Refer to Note 5 of Notes to Financial Statements for further details.

Table 4
Town of Stonington, Maine
Capital Assets (Net of Depreciation)
December 31,

	<u>2021</u>	<u>2020</u>
Land and construction in progress	\$ 6,003,167	\$ 6,003,167
Buildings, building improvements and land improvements	1,039,954	1,103,161
Water mains, machinery and equipment furniture/fixtures, vehicles	402,580	4,376,907
Infrastructure	4,398,387	531,576
Total	<u>\$ 11,844,088</u>	<u>\$ 12,014,811</u>

Debt

At December 31, 2021, the Town had \$937,672 in bonds and notes from direct borrowings payable outstanding versus \$1,028,507 in the prior year. Refer to Note 6 of Notes to Financial Statements for additional information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

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 nine 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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,494,514	\$ 48,861	\$ 5,543,375
Accounts receivable (net of allowance for uncollectibles):			
Taxes	100,280	-	100,280
Liens	24,492	-	24,492
Loans	20,393	-	20,393
Other	85,659	25,174	110,833
Due from other governments	19,780	-	19,780
Inventory	10,767	-	10,767
Total current assets	<u>5,755,885</u>	<u>74,035</u>	<u>5,829,920</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	2,972,136	2,868,785	5,840,921
Total noncurrent assets	<u>8,908,636</u>	<u>2,935,452</u>	<u>11,844,088</u>
TOTAL ASSETS	<u>14,664,521</u>	<u>3,009,487</u>	<u>17,674,008</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	11,232	-	11,232
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>11,232</u>	<u>-</u>	<u>11,232</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 14,675,753</u>	<u>\$ 3,009,487</u>	<u>\$ 17,685,240</u>

STATEMENT A (CONTINUED)
TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 196,784	\$ 51,411	\$ 248,195
Payroll related liabilities	15,489	-	15,489
Other liabilities	1,034	660	1,694
Due to other governments	2,864	-	2,864
Current portion of long-term obligations	57,432	19,531	76,963
Total current liabilities	<u>273,603</u>	<u>71,602</u>	<u>345,205</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	81,866	781,806	863,672
Accrued compensated absences	16,793	-	16,793
Net OPEB liability	50,028	-	50,028
Total noncurrent liabilities	<u>148,687</u>	<u>781,806</u>	<u>930,493</u>
TOTAL LIABILITIES	<u>422,290</u>	<u>853,408</u>	<u>1,275,698</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	6,802	-	6,802
Deferred inflows related to OPEB	11,679	-	11,679
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>18,481</u>	<u>-</u>	<u>18,481</u>
NET POSITION			
Net investment in capital assets	8,772,301	2,134,115	10,906,416
Restricted	293,307	-	293,307
Unrestricted	5,169,374	21,964	5,191,338
TOTAL NET POSITION	<u>14,234,982</u>	<u>2,156,079</u>	<u>16,391,061</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 14,675,753</u>	<u>\$ 3,009,487</u>	<u>\$ 17,685,240</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT B

TOWN OF STONINGTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

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	\$ 451,137	\$ 24,885	\$ -	\$ -	\$ (426,252)	\$ -	\$ (426,252)
Public safety	205,917	3,157	-	-	(202,760)	-	(202,760)
Health and sanitation	278,671	15,038	-	-	(263,633)	-	(263,633)
Public works	262,261	34,424	9,890	-	(217,947)	-	(217,947)
Special assessments	1,830,150	-	-	-	(1,830,150)	-	(1,830,150)
Social services	12,710	-	-	-	(12,710)	-	(12,710)
Culture and recreation	25,543	-	-	-	(25,543)	-	(25,543)
Unclassified	1,451,296	1,164,124	108,356	-	(178,816)	-	(178,816)
Unallocated depreciation (Note 5)*	84,748	-	-	-	(84,748)	-	(84,748)
Interest on long-term debt	17,161	-	-	-	(17,161)	-	(17,161)
Total governmental activities	<u>4,619,594</u>	<u>1,241,628</u>	<u>118,246</u>	<u>-</u>	<u>(3,259,720)</u>	<u>-</u>	<u>(3,259,720)</u>
Business-type activities:							
Water department	<u>410,553</u>	<u>252,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158,501)</u>	<u>(158,501)</u>
Total business-type activities	<u>410,553</u>	<u>252,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158,501)</u>	<u>(158,501)</u>
Total government	<u>\$ 5,030,147</u>	<u>\$ 1,493,680</u>	<u>\$ 118,246</u>	<u>\$ -</u>	<u>(3,259,720)</u>	<u>(158,501)</u>	<u>(3,418,221)</u>

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

STATEMENT B (CONTINUED)
TOWN OF STONINGTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
Changes In net position:			
Net (expense) revenue	(3,259,720)	(158,501)	(3,418,221)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	3,398,218	-	3,398,218
Excise taxes	283,461	-	283,461
Grants and contributions not restricted to specific programs	162,540	-	162,540
Investment income, net	13,635	72	13,707
Other income	186,210	1,723	187,933
Total general revenues	4,044,064	1,795	4,045,859
Change in net position	784,344	(156,706)	627,638
NET POSITION - JANUARY 1	13,450,638	2,312,785	15,763,423
NET POSITION - DECEMBER 31	\$ 14,234,982	\$ 2,156,079	\$ 16,391,061

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STONINGTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Fish Pier Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	3,821,318	\$ 227,985	\$ 1,445,211	\$ 5,494,514
Accounts receivable (net of allowance for uncollectibles):				
Taxes	100,280	-	-	100,280
Liens	24,492	-	-	24,492
Loans	-	-	20,393	20,393
Other	85,659	-	-	85,659
Due from other governments	19,780	-	-	19,780
Inventory	-	10,767	-	10,767
Due from other funds	444,761	203,628	1,020,755	1,669,144
TOTAL ASSETS	\$ 4,496,290	\$ 442,380	\$ 2,486,359	\$ 7,425,029
LIABILITIES				
Accounts payable	196,784	\$ -	\$ -	\$ 196,784
Payroll related liabilities	15,489	-	-	15,489
Other payables	1,034	-	-	1,034
Due to other governments	2,864	-	-	2,864
Due to other funds	1,224,383	-	444,761	1,669,144
TOTAL LIABILITIES	1,440,554	-	444,761	1,885,315
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	6,802	-	-	6,802
Deferred revenue	153,727	-	-	153,727
TOTAL DEFERRED INFLOWS OF RESOURCES	160,529	-	-	160,529
FUND BALANCES				
Nonspendable	-	10,767	-	10,767
Restricted	-	-	282,540	282,540
Committed	-	431,613	1,972,881	2,404,494
Assigned	-	-	-	-
Unassigned	2,895,207	-	(213,823)	2,681,384
TOTAL FUND BALANCES	2,895,207	442,380	2,041,598	5,379,185
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,496,290	\$ 442,380	\$ 2,486,359	\$ 7,425,029

See accompanying independent auditor's 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, 2021

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 5,379,185
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	8,908,636
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	153,727
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds	11,232
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	(19,756)
Bond payable	(119,761)
Note from direct borrowings payable	(16,574)
Net OPEB liability	(50,028)
Deferred inflows of resources related to pension are not financial resources and therefore are not reported in the funds	<u>(11,679)</u>
Net position of governmental activities	<u><u>\$ 14,234,982</u></u>

See accompanying independent auditor's 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, 2021

	General Fund	Fish Pier	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property Taxes	\$ 3,410,518	\$ -	\$ -	\$ 3,410,518
Excise taxes	283,461	-	-	283,461
Intergovernmental	172,430	-	108,356	280,786
Charges for services	77,504	1,078,280	85,844	1,241,628
Interest/costs on liens	11,521	-	-	11,521
Investment income, net	10,021	-	3,614	13,635
Other income	83,700	4,459	86,530	174,689
TOTAL REVENUES	<u>4,049,155</u>	<u>1,082,739</u>	<u>284,344</u>	<u>5,416,238</u>
EXPENDITURES				
Current:				
General government	434,525	-	-	434,525
Public safety	204,571	-	-	204,571
Health and sanitation	278,671	-	-	278,671
Public works	309,870	-	-	309,870
Special assessments	1,830,150	-	-	1,830,150
Social services	12,710	-	-	12,710
Culture and recreation	25,543	-	-	25,543
Unclassified	125,470	1,030,709	295,117	1,451,296
Debt service	88,075	-	-	88,075
TOTAL EXPENDITURES	<u>3,309,585</u>	<u>1,030,709</u>	<u>295,117</u>	<u>4,635,411</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>739,570</u>	<u>52,030</u>	<u>(10,773)</u>	<u>780,827</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	293,950	293,950
Transfers (out)	(293,950)	-	-	(293,950)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(293,950)</u>	<u>-</u>	<u>293,950</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	445,620	52,030	283,177	780,827
FUND BALANCES - JANUARY 1	<u>2,449,587</u>	<u>390,350</u>	<u>1,758,421</u>	<u>4,598,358</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,895,207</u>	<u>\$ 442,380</u>	<u>\$ 2,041,598</u>	<u>\$ 5,379,185</u>

See accompanying independent auditor's 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, 2021

Net change in fund balances - total governmental funds (Statement E)	\$ 780,827
<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	177,601
Depreciation expense	(226,305)
	(48,704)
<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	(12,300)
	(12,300)
<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>	
	(364)
<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>	
	70,914
<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	(1,262)
Net OPEB liability	(7,585)
	(8,847)
<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>	
	2,818
Change in net position of governmental activities (Statement B)	\$ 784,344

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STONINGTON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2021

	<u>Enterprise Fund</u> <u>Water</u> <u>Department</u>
ASSETS	
Current assets:	
Cash and cash equivalents	48,861
Accounts receivable (net of allowance for uncollectibles)	<u>25,174</u>
Total current assets	<u>74,035</u>
Noncurrent assets:	
Land, buildings, mains and other water assets	4,037,993
Vehicles and equipment	<u>345,741</u>
Total capital assets	4,383,734
Less: accumulated depreciation	<u>(1,448,282)</u>
Total noncurrent assets	<u>2,935,452</u>
TOTAL ASSETS	<u><u>\$ 3,009,487</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	51,411
Accrued expenses	660
Current portion of long-term obligations	<u>19,531</u>
Total current liabilities	<u>71,602</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes from direct borrowings payable	<u>781,806</u>
Total noncurrent liabilities	<u>781,806</u>
TOTAL LIABILITIES	<u>853,408</u>
NET POSITION	
Net investment in capital assets	2,134,115
Unrestricted	<u>21,964</u>
TOTAL NET POSITION	<u>2,156,079</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 3,009,487</u></u>

See accompanying independent auditor's 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, 2021

	Enterprise Fund
	Water
	Department
OPERATING REVENUES	
Charges for services	\$ 252,052
Other income	1,723
TOTAL OPERATING REVENUES	253,775
OPERATING EXPENSES	
Payroll	16,304
Benefits/Taxes	3,618
Utilities	33,171
Contracted services	185,202
Materials and supplies	205
Depreciation and amortization	122,019
Transportation	27,698
Other operating expenses	2,369
TOTAL OPERATING EXPENSES	390,586
OPERATING INCOME (LOSS)	(136,811)
NONOPERATING REVENUES (EXPENSES)	
Interest income	72
Interest expense	(19,967)
TOTAL NONOPERATING REVENUES (EXPENSES)	(19,895)
CHANGE IN NET POSITION	(156,706)
NET POSITION - JANUARY 1	2,312,785
NET POSITION - DECEMBER 31	\$ 2,156,079

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STONINGTON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Enterprise Fund</u> <u>Water</u> <u>Department</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 252,052
Other receipts	7,209
Payments to employees	(16,304)
Payments to suppliers	(212,913)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>30,044</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	72
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>72</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(19,921)
Interest paid on capital debt	(19,967)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(39,888)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,772)
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>58,633</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 48,861</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (136,811)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	122,019
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	5,486
(Decrease) increase in accounts payable	39,263
(Decrease) increase in accrued expenses	87
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 30,044</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March 2020, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. In accordance with Executive Order 8, issued by the Governor of Maine

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

on August 26, 2020, the Town took required measures to further reduce the risk of exposure to voters, poll workers and election officials participating in the state primary and in municipal and school district elections by holding Town Meeting outside on May 15 instead of March.

Impact on Finances

The Town does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security (“CARES”) Act, American Rescue Plan Act (“ARPA”) funding and applicable Federal and/or State programs.

Expected Federal/State Support

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Implementation of New Accounting Standards

During the year ended December 31, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 89 “Accounting for Interest cost Incurred before the End of a Construction Period”. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA*

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 “Conduit Debt Obligations”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 “Replacement of Interbank Offered Rates (paragraphs 4-11a).” The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 “*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*” - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. 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 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.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and 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. The primary revenue source is from charges for services.

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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

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

1. Accrual

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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town of Stonington's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the basic financial statements.

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

Deposits and Investments

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

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

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deposit and other evidence 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, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$151,006 for the year ended December 31, 2021.

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 fish pier fund's inventory is made up of fuel and is recorded on the first in-first out basis.

Interfund Receivables and Payables

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

Transactions Between Funds

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

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Estimated useful lives are as follows:

Buildings and improvements	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 obligations 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 obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, a note 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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Deferred tax revenues, which arises only under a modified accrual basis of accounting 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

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 7, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Taxes were due on August 31, 2021. Interest on unpaid taxes commenced on September 1, 2021 at 6% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$57,158 for the year ended December 31, 2021.

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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At December 31, 2021, the Town's cash balance amounting to \$5,543,375 was comprised of bank deposits of \$5,912,621. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these bank deposits, \$1,691,482 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$4,221,139 was collateralized with securities held by the financial institution in the Town's name.

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS

Account Type	Bank Balance
Checking accounts	\$ 5,075,101
Savings	395,277
Money market accounts	197,242
ICS sweep account	245,000
	\$ 5,912,621

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.

As of December 31, 2021, 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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2021 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ 444,761	\$ 1,224,383
Fish pier	203,628	-
Nonmajor special revenue funds	62,440	203,050
Nonmajor capital projects funds	958,200	241,147
Nonmajor permanent funds	115	564
Totals	<u>\$ 1,669,144</u>	<u>\$ 1,669,144</u>

The result of amounts owed between funds is considered to be in the course of normal operations by the Town. 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, 2021 consisted of the following:

	<u>Transfers From</u>	<u>Transfers To</u>
General fund	\$ -	\$ 293,950
Nonmajor capital projects funds	293,950	-
Totals	<u>\$ 293,950</u>	<u>\$ 293,950</u>

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

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2021:

	Balance 1/1/21	Additions	Disposals	Balance 12/31/21
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 5,936,500	\$ -	\$ -	\$ 5,936,500
	<u>5,936,500</u>	<u>-</u>	<u>-</u>	<u>5,936,500</u>
Depreciated assets:				
Buildings	2,366,311	-	-	2,366,311
Building improvements	285,533	-	-	285,533
Land improvements	531,341	-	-	531,341
Machinery and equipment	594,465	66,725	-	661,190
Vehicles	965,292	-	(68,661)	896,631
Infrastructure	1,830,476	110,876	-	1,941,352
	<u>6,573,418</u>	<u>177,601</u>	<u>(68,661)</u>	<u>6,682,358</u>
Less: accumulated depreciation	<u>(3,552,578)</u>	<u>(226,305)</u>	<u>68,661</u>	<u>(3,710,222)</u>
	<u>3,020,840</u>	<u>(48,704)</u>	<u>-</u>	<u>2,972,136</u>
Net capital assets	<u>\$ 8,957,340</u>	<u>\$ (48,704)</u>	<u>\$ -</u>	<u>\$ 8,908,636</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	3,963,857	-	-	3,963,857
	<u>4,317,067</u>	<u>-</u>	<u>-</u>	<u>4,317,067</u>
Less: accumulated depreciation	<u>(1,326,263)</u>	<u>(122,019)</u>	<u>-</u>	<u>(1,448,282)</u>
	<u>2,990,804</u>	<u>(122,019)</u>	<u>-</u>	<u>2,868,785</u>
Net capital assets	<u>\$ 3,057,471</u>	<u>\$ (122,019)</u>	<u>\$ -</u>	<u>\$ 2,935,452</u>
<u>Current year depreciation:</u>				
General government				\$ 10,219
Public safety				8,071
Public works				123,267
Town-wide				84,748
Total governmental type depreciation expense				<u>226,305</u>
Water department				122,019
Total depreciation expense				<u>\$ 348,324</u>

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2021:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Current Portion
<u>Governmental activities</u>					
Bond payable	\$ 156,788	\$ -	\$ (37,027)	\$ 119,761	\$ 37,895
Note from direct borrowings payable	50,461	-	(33,887)	16,574	16,574
Totals	<u>\$ 207,249</u>	<u>\$ -</u>	<u>\$ (70,914)</u>	<u>\$ 136,335</u>	<u>\$ 54,469</u>
<u>Business-type activities</u>					
Bonds payable	\$ 821,258	\$ -	\$ (19,921)	\$ 801,337	\$ 19,531
Totals	<u>\$ 821,258</u>	<u>\$ -</u>	<u>\$ (19,921)</u>	<u>\$ 801,337</u>	<u>\$ 19,531</u>

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

Bond payable - governmental activities

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

\$ 119,761

Note from direct borrowings payable - governmental activities

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.

16,574

Total bonds and notes from direct borrowings payable - governmental activities

136,335

Bonds payable - business-type activities

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

687,003

2016 Maine Municipal Bond Bank bond for water company. Interest is stated at a fixed rate of 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.

114,334

Total bonds payable - business-type activities

801,337

Total bonds and note from direct borrowings payable

\$ 937,672

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 - LONG -TERM DEBT (CONTINUED)

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

Governmental Activities	Principal	Interest	Total Debt Service
2022	\$ 54,469	\$ 2,723	\$ 57,192
2023	35,592	4,940	40,532
2024	39,756	776	40,532
2025	6,518	40	6,558
	<u>\$ 136,335</u>	<u>\$ 8,479</u>	<u>\$ 144,814</u>
Business-type Activities	Principal	Interest	Total Debt Service
2022	\$ 20,324	\$ 19,173	\$ 39,497
2023	20,735	18,763	39,498
2024	21,156	18,343	39,499
2025	21,585	17,912	39,497
2026	22,025	17,912	39,937
2027-2031	117,096	80,394	197,490
2032-2036	122,337	67,737	190,074
2037-2041	99,188	54,787	153,975
2042-2046	112,908	41,067	153,975
2047-2051	128,525	25,450	153,975
2052-2056	115,458	7,673	123,131
	<u>\$ 801,337</u>	<u>\$ 369,211</u>	<u>\$ 1,170,548</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, 2021 was \$19,967 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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended December 31, 2021 is as follows:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Current Portion
<u>Governmental activities</u>					
Accrued compensated absences	\$ 18,494	\$ 1,262	\$ -	\$ 19,756	\$ 2,963
Net OPEB liability	42,443	7,722	(137)	50,028	-
Totals	<u>\$ 60,937</u>	<u>\$ 8,984</u>	<u>\$ (137)</u>	<u>\$ 69,784</u>	<u>\$ 2,963</u>

Please see Notes 8 and 15 for detailed information on each of the other long-term obligations.

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, 2021, the Town's liability for compensated absences is \$19,756.

TOWN OF STONINGTON, MAINE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 9 - RESTRICTED NET POSITION

As of December 31, 2021, the Town had the following restricted net position:

Fish pier fund (nonspendable)	\$ 10,767
Nonmajor special revenue funds:	221,259
Nonmajor permanent funds:	<u>61,281</u>
	<u><u>\$ 293,307</u></u>

NOTE 10 - NONSPENDABLE FUND BALANCES

As of December 31, 2021, the Town had the following nonspendable fund balances:

Fish Pier fund:	
Inventory	<u><u>\$ 10,767</u></u>

NOTE 11 - RESTRICTED FUND BALANCES

As of December 31, 2021, the Town had the following restricted fund balances:

Nonmajor special revenue funds:	
Community benefit grant	\$ 2,038
MCF housing	2,000
MMA safety grant	500
Cares act	3,219
Center for tech and civic life	1,106
Microloan program	180,265
Ralston property	24,589
Broadband feasibility	7,542
Nonmajor permanent funds:	
Cemetery fund	59,783
Bartlette/McDonald fund	<u>1,498</u>
	<u><u>\$ 282,540</u></u>

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12 - COMMITTED FUND BALANCE

As of December 31, 2021, the Town had the following committed fund balances:

Fish pier fund	\$ 431,613
Nonmajor special revenue funds (Schedule D)	70,875
Nonmajor capital projects funds (Schedule F)	1,902,006
	<u>\$ 2,404,494</u>

NOTE 13 - DEFICIT FUND BALANCES

The following funds had deficit fund balances as of December 31, 2021:

Nonmajor special revenue funds (Schedule D)	
Flood vulnerability study	\$ 23,999
2019 SHIP grant - fish pier	54,577
AFG fire department	64,350
Shore/harbor planning	60,024
Nonmajor capital projects funds (Schedule F)	
Hagen dock	10,873
	<u>\$ 213,823</u>

NOTE 14 - EXPENDITURES OVER APPROPRIATIONS

The Town had the following overspent appropriations at December 31, 2021:

Wages, salaries and taxes (Article 13)	\$ 32,506
Employee healthcare	13,064
E 9-11 roadsigns	50
Sheriffs services	4,940
Economic development	715
	<u>\$ 51,275</u>

NOTE 15 - 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. Contributions and membership in this Plan are voluntary and may be terminated at any

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2021, the following employees were covered by the benefit terms:

Active members	5
Retirees and spouses	<u>-</u>
Total	<u><u>5</u></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, 2021

NOTE 15 - 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>
POS C	\$1,118.55	\$2,509.07
PPO 1500	\$920.63	\$2,065.10
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589.25	\$1,178.50

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

At December 31, 2021, the Town reported a liability of \$50,028 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 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, 2021, the Town recognized OPEB expense of \$5,131. At December 31, 2021, 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	\$ 560	\$ 9,650
Changes of assumptions	10,535	2,029
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	137	-
Total	<u>\$ 11,232</u>	<u>\$ 11,679</u>

\$137 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>
Plan year ended December 31:	
2022	\$ 553
2023	553
2024	552
2025	(1,837)
2026	(405)
Thereafter	-

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, 2021. 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 2.12% per annum for December 31, 2021 was based upon a measurement date of December 31, 2020. 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>
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 57,835	\$ 50,028	\$ 43,622
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 57,835</u>	<u>\$ 50,028</u>	<u>\$ 43,622</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, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 43,299	\$ 50,028	\$ 58,253
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 43,299</u>	<u>\$ 50,028</u>	<u>\$ 58,253</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, 2021, 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, 2019. 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.

Assumptions

The actuarial assumptions used in the January 1, 2021 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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2021, they are as follows:

Discount Rate - 2.12% per annum for year end 2021 reporting. 2.74% per annum for 2020 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2021_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.25%
Extra Trend due to Taste/Technology 2029+	1.10%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2021 to 2023 were based on plan design, population weighting, renewal projections and market analysis. For years 2024 - 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2021, 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.

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

TOWN OF STONINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 2021. 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.

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended December 31, 2021 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, 2020 was (\$9,090).

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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 32 Main Street, Stonington, Maine 04681.

NOTE 16 - 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 17 - 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.

TOWN OF STONINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 18 - 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, 2021, 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	\$ 334,939	33.01%	<u>\$ 110,563</u>

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 - OPEB
- 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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, January 1	\$ 2,449,587	\$ 2,449,587	\$ 2,449,587	\$ -
Resources (Inflows):				
Property taxes	3,398,956	3,398,956	3,410,518	11,562
Excise taxes	-	-	283,461	283,461
Intergovernmental	130,852	130,852	172,430	41,578
Charges for services	-	-	77,504	77,504
Interest/costs on liens	-	-	11,521	11,521
Investment income, net	-	-	10,021	10,021
Other revenues	-	-	83,700	83,700
Amounts Available for Appropriation	<u>5,979,395</u>	<u>5,979,395</u>	<u>6,498,742</u>	<u>519,347</u>
Charges to Appropriations (Outflows):				
General government	425,700	425,700	434,525	(8,825)
Public safety	241,400	241,400	204,571	36,829
Health and sanitation	311,900	311,900	278,671	33,229
Public works	448,900	391,400	309,870	81,530
Special assessments	1,869,891	1,869,891	1,830,150	39,741
Social services	14,210	14,210	12,710	1,500
Culture and recreation	27,900	27,400	25,543	1,857
Unclassified	187,131	712,131	125,470	586,661
Debt service	88,076	88,076	88,075	1
Transfers to other funds	323,450	381,450	293,950	87,500
Total Charges to Appropriation	<u>3,938,558</u>	<u>4,463,558</u>	<u>3,603,535</u>	<u>860,023</u>
Budgetary Fund Balance, December 31	<u>\$ 2,040,837</u>	<u>\$ 1,515,837</u>	<u>\$ 2,895,207</u>	<u>\$ 1,379,370</u>
Utilization of unassigned fund balance	<u>\$ 408,750</u>	<u>\$ 933,750</u>	<u>\$ -</u>	<u>\$ (933,750)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STONINGTON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/20 (Reporting December 31, 2020)	\$ 42,443	\$ -	\$ 42,443
Changes for the year:			
Service cost	3,461	-	3,461
Interest	1,256	-	1,256
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	3,005	-	3,005
Contributions - employer	-	137	(137)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(137)	(137)	-
Administrative expense	-	-	-
Net changes	<u>7,585</u>	<u>-</u>	<u>7,585</u>
Balances at 1/1/21 (Reporting December 31, 2021)	<u>\$ 50,028</u>	<u>\$ -</u>	<u>\$ 50,028</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STONINGTON, MAINE

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

	2021	2020	2019
<u>Total OPEB liability</u>			
Service cost (BOY)	\$ 3,461	\$ 1,605	\$ 1,791
Interest (includes interest on service cost)	1,256	1,232	1,054
Changes of benefit terms	-	(786)	-
Differences between expected and actual experience	-	934	-
Changes of assumptions	3,005	11,020	(3,247)
Benefit payments, including refunds of member contributions	(137)	-	-
Net change in total OPEB liability	<u>\$ 7,585</u>	<u>\$ 14,005</u>	<u>\$ (402)</u>
Total OPEB liability - beginning	\$ 42,443	\$ 28,438	\$ 28,840
Total OPEB liability - ending	<u>\$ 50,028</u>	<u>\$ 42,443</u>	<u>\$ 28,438</u>
<u>Plan fiduciary net position</u>			
Contributions - employer	137	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(137)	-	-
Administrative expense	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 50,028</u>	<u>\$ 42,443</u>	<u>\$ 28,438</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered payroll	\$ 213,320	\$ 213,320	\$ 215,350
Net OPEB liability as a percentage of covered payroll	23.5%	19.9%	13.2%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STONINGTON, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST TEN FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>MMEHT:</u>			
Employer contributions	\$ 137	\$ -	\$ -
Benefit payments	<u>(137)</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 213,320	\$ 213,320	\$ 215,350
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STONINGTON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

Changes of Assumptions

MMEHT Plan

There was a change in the discount rate from 2.74% to 2.12% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

See accompanying independent auditor's 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, 2021

	<u>Appropriations</u>	<u>Budget Adjustments</u>	<u>Total Available</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
GENERAL GOVERNMENT					
Administration	\$ 130,500	\$ -	\$ 130,500	\$ 91,936	\$ 38,564
Wages, salaries and taxes	214,500	-	214,500	247,006	(32,506)
Employee healthcare	58,250	-	58,250	71,314	(13,064)
Town hall maintenance	20,100	-	20,100	22,854	(2,754)
Planning board	2,100	-	2,100	1,415	685
Appeals board	250	-	250	-	250
Total	<u>425,700</u>	<u>-</u>	<u>425,700</u>	<u>434,525</u>	<u>(8,825)</u>
PUBLIC SAFETY					
Animal control	5,375	-	5,375	2,645	2,730
Hydrant rental	75,200	-	75,200	52,800	22,400
Code enforcement	16,925	-	16,925	11,729	5,196
Health officer	250	-	250	250	-
Fire department	61,500	-	61,500	50,514	10,986
E-911 road signs	400	-	400	450	(50)
Sheriff services	70,500	-	70,500	75,440	(4,940)
Street lights	11,250	-	11,250	10,743	507
Total	<u>241,400</u>	<u>-</u>	<u>241,400</u>	<u>204,571</u>	<u>36,829</u>
HEALTH AND SANITATION					
Transfer station	<u>311,900</u>	<u>-</u>	<u>311,900</u>	<u>278,671</u>	<u>33,229</u>
Total	<u>311,900</u>	<u>-</u>	<u>311,900</u>	<u>278,671</u>	<u>33,229</u>

SCHEDULE A (CONTINUED)

TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriations</u>	<u>Budget Adjustments</u>	<u>Total Available</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
PUBLIC WORKS					
Town roads	191,000	-	191,000	180,725	10,275
Winter roads	206,000	(57,500)	148,500	95,211	53,289
Equipment	34,000	-	34,000	21,902	12,098
Town garage	12,900	-	12,900	7,032	5,868
Colwell ramp	5,000	-	5,000	5,000	-
Total	<u>448,900</u>	<u>(57,500)</u>	<u>391,400</u>	<u>309,870</u>	<u>81,530</u>
SPECIAL ASSESSMENTS					
School	1,734,963	-	1,734,963	1,695,222	39,741
County tax	134,928	-	134,928	134,928	-
Total	<u>1,869,891</u>	<u>-</u>	<u>1,869,891</u>	<u>1,830,150</u>	<u>39,741</u>
SOCIAL SERVICES					
General assistance	1,500	-	1,500	-	1,500
Northern Lights Homecare and Hospice	7,860	-	7,860	7,860	-
Eastern Area Agency on Aging	2,600	-	2,600	2,600	-
YMCA	1,500	-	1,500	1,500	-
American Red Cross	750	-	750	750	-
Total	<u>14,210</u>	<u>-</u>	<u>14,210</u>	<u>12,710</u>	<u>1,500</u>
CULTURE AND RECREATION					
Stonington public library	10,000	-	10,000	10,000	-
Athletic field	2,000	(500)	1,500	1,500	-
Town parks	15,900	-	15,900	14,043	1,857
Total	<u>27,900</u>	<u>(500)</u>	<u>27,400</u>	<u>25,543</u>	<u>1,857</u>

TOWN OF STONINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Appropriations	Budget Adjustments	Total Available	Actual Expenditures	Variance Positive (Negative)
DEBT SERVICE					
Principal	70,915	-	70,915	70,914	1
Interest	17,161	-	17,161	17,161	-
Total	<u>88,076</u>	<u>-</u>	<u>88,076</u>	<u>88,075</u>	<u>1</u>
UNCLASSIFIED					
Downeast transportation	800	-	800	800	-
Economic development	30,000	-	30,000	30,715	(715)
Fourth of July	3,500	-	3,500	3,500	-
Land purchase	-	525,000	525,000	-	525,000
Hancock County RCC	5,200	-	5,200	4,923	277
Healthy Island	3,500	-	3,500	3,500	-
Hancock County Planning	1,290	-	1,290	1,290	-
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	1,260	-	1,260	1,260	-
Project Launch	1,500	-	1,500	1,500	-
Opiate Free Island Partnership	7,500	-	7,500	7,500	-
Lifelight Foundation	522	-	522	522	-
Island Nursing Home	5,000	-	5,000	5,000	-
Island Workforce Housing	5,000	-	5,000	5,000	-
Tax discounts	29,000	-	29,000	26,311	2,689
Sand beach	8,500	-	8,500	-	8,500
Cemeteries	3,500	-	3,500	1,453	2,047
Overlay/abatements	57,158	-	57,158	8,295	48,863
Total	<u>187,131</u>	<u>525,000</u>	<u>712,131</u>	<u>125,470</u>	<u>586,661</u>
Transfer to other funds	<u>323,450</u>	<u>58,000</u>	<u>381,450</u>	<u>293,950</u>	<u>87,500</u>
Total	<u>323,450</u>	<u>58,000</u>	<u>381,450</u>	<u>293,950</u>	<u>87,500</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 3,938,558</u>	<u>\$ 525,000</u>	<u>\$ 4,463,558</u>	<u>\$ 3,603,535</u>	<u>\$ 860,023</u>

See accompanying independent auditor's 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, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,398,956	\$ 3,398,956	\$ 3,410,518	\$ 11,562
Excise taxes:				
Auto excise	-	-	283,461	283,461
Intergovernmental revenues:				
State revenue sharing	68,000	68,000	99,166	31,166
Homestead exemption	55,806	55,806	59,280	3,474
Local road assistance	-	-	9,890	9,890
BETE reimbursement	7,046	7,046	-	(7,046)
Tree growth	-	-	3,481	3,481
Other intergovernmental	-	-	613	613
Interest/Investment income, net	-	-	10,021	10,021
Interest/Costs on liens	-	-	11,521	11,521
Charges for services:				
Municipal agent fees	-	-	12,456	12,456
Snow removal contract	-	-	34,424	34,424
Building permits	-	-	7,586	7,586
Demo debris income	-	-	12,386	12,386
Recycling	-	-	2,652	2,652
Trash fees	-	-	3,157	3,157
Other fees	-	-	690	690
In lieu of taxes	-	-	4,153	4,153
Other income:				
CATV fee	-	-	2,614	2,614
Miscellaneous	-	-	81,086	81,086
TOTAL REVENUES	<u>\$ 3,529,808</u>	<u>\$ 3,529,808</u>	<u>\$ 4,049,155</u>	<u>\$ 519,347</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	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	\$ 209,401	\$ 1,174,080	\$ 61,730	\$ 1,445,211
Loans receivable	20,393	-	-	20,393
Due from other funds	62,440	958,200	115	1,020,755
TOTAL ASSETS	<u>\$ 292,234</u>	<u>\$ 2,132,280</u>	<u>\$ 61,845</u>	<u>\$ 2,486,359</u>
LIABILITIES				
Due to other funds	\$ 203,050	\$ 241,147	\$ 564	\$ 444,761
TOTAL LIABILITIES	<u>203,050</u>	<u>241,147</u>	<u>564</u>	<u>444,761</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	221,259	-	61,281	282,540
Committed	70,875	1,902,006	-	1,972,881
Assigned	-	-	-	-
Unassigned	(202,950)	(10,873)	-	(213,823)
TOTAL FUND BALANCES	<u>89,184</u>	<u>1,891,133</u>	<u>61,281</u>	<u>2,041,598</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 292,234</u>	<u>\$ 2,132,280</u>	<u>\$ 61,845</u>	<u>\$ 2,486,359</u>

See accompanying independent auditor's 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, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental income	\$ 108,356	\$ -	\$ -	\$ 108,356
Charges for services	-	85,844	-	85,844
Investment income	641	2,853	120	3,614
Other income	19,261	67,269	-	86,530
TOTAL REVENUES	<u>128,258</u>	<u>155,966</u>	<u>120</u>	<u>284,344</u>
EXPENDITURES				
Other	39,887	255,230	-	295,117
TOTAL EXPENDITURES	<u>39,887</u>	<u>255,230</u>	<u>-</u>	<u>295,117</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>88,371</u>	<u>(99,264)</u>	<u>120</u>	<u>(10,773)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	293,950	-	293,950
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>293,950</u>	<u>-</u>	<u>293,950</u>
NET CHANGE IN FUND BALANCES	88,371	194,686	120	283,177
FUND BALANCES - JANUARY 1	<u>813</u>	<u>1,696,447</u>	<u>61,161</u>	<u>1,758,421</u>
FUND BALANCES - DECEMBER 31	<u>\$ 89,184</u>	<u>\$ 1,891,133</u>	<u>\$ 61,281</u>	<u>\$ 2,041,598</u>

See accompanying independent auditor's 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.

SCHEDULE D

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021

	Community Benefit Grant	ARPA (NEU)	Flood Vulnerability Study	Heating Fund	Genesis Study	MCF Housing	MMA Safety Grant	Stonington Water	Center for Tech and Civic Life
ASSETS									
Cash and cash equivalents	\$ -	\$ 54,598	\$ -	\$ 12,256	\$ -	\$ -	\$ -	\$ -	\$ -
Loans receivable	-	-	-	-	-	-	-	-	-
Due from other funds	2,038	-	-	1,243	176	2,000	500	1,399	1,106
TOTAL ASSETS	<u>\$ 2,038</u>	<u>\$ 54,598</u>	<u>\$ -</u>	<u>\$ 13,499</u>	<u>\$ 176</u>	<u>\$ 2,000</u>	<u>\$ 500</u>	<u>\$ 1,399</u>	<u>\$ 1,106</u>
LIABILITIES									
Due to other funds	\$ -	\$ 100	\$ 23,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>100</u>	<u>23,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	2,038	-	-	-	-	2,000	500	-	1,106
Committed	-	54,498	-	13,499	176	-	-	1,399	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(23,999)	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>2,038</u>	<u>54,498</u>	<u>(23,999)</u>	<u>13,499</u>	<u>176</u>	<u>2,000</u>	<u>500</u>	<u>1,399</u>	<u>1,106</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)									
	<u>\$ 2,038</u>	<u>\$ 54,598</u>	<u>\$ -</u>	<u>\$ 13,499</u>	<u>\$ 176</u>	<u>\$ 2,000</u>	<u>\$ 500</u>	<u>\$ 1,399</u>	<u>\$ 1,106</u>

SCHEDULE D (CONTINUED)

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021

	CARES Act	FAA CARES	2019 SHIP Grant Fish Pier	AFG Fire Dept	Climate to Thrive 2020	Shore/Harbor Planning	Microloan Program	Ralston Property	Broadband Feasibility	Total
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,547	\$ -	\$ -	\$ 209,401
Loans receivable	-	-	-	-	-	-	20,393	-	-	20,393
Due from other funds	3,219	1,000	-	-	303	-	17,325	24,589	7,542	62,440
TOTAL ASSETS	<u>\$ 3,219</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ 180,265</u>	<u>\$ 24,589</u>	<u>\$ 7,542</u>	<u>\$ 292,234</u>
LIABILITIES										
Due to other funds	\$ -	\$ -	\$ 54,577	\$ 64,350	\$ -	\$ 60,024	\$ -	\$ -	\$ -	\$ 203,050
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>54,577</u>	<u>64,350</u>	<u>-</u>	<u>60,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,050</u>
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	3,219	-	-	-	-	-	180,265	24,589	7,542	221,259
Committed	-	1,000	-	-	303	-	-	-	-	70,875
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(54,577)	(64,350)	-	(60,024)	-	-	-	(202,950)
TOTAL FUND BALANCES (DEFICITS)	<u>3,219</u>	<u>1,000</u>	<u>(54,577)</u>	<u>(64,350)</u>	<u>303</u>	<u>(60,024)</u>	<u>180,265</u>	<u>24,589</u>	<u>7,542</u>	<u>89,184</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)										
	<u>\$ 3,219</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ 180,265</u>	<u>\$ 24,589</u>	<u>\$ 7,542</u>	<u>\$ 292,234</u>

See accompanying independent auditor’s report and notes to financial statements.

SCHEDULE E

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Community Benefit Grant	ARPA (NEU)	Flood Vulnerability Study	Heating Fund	Genesis Study	MCF Housing	MMA Safety Grant	Stonington Water	Center for Tech and Civic Life
REVENUES									
Intergovernmental income	\$ -	\$ 54,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	25	-	-	-	-	-
Other income	-	-	19,261	-	-	-	-	-	-
TOTAL REVENUES	-	54,498	19,261	25	-	-	-	-	-
EXPENDITURES									
Other	-	-	9,713	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	9,713	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	54,498	9,548	25	-	-	-	-	-
FUND BALANCES (DEFICITS) - JANUARY 1	2,038	-	(33,547)	13,474	176	2,000	500	1,399	1,106
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 2,038	\$ 54,498	\$ (23,999)	\$ 13,499	\$ 176	\$ 2,000	\$ 500	\$ 1,399	\$ 1,106

SCHEDULE E (CONTINUED)

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	CARES Act	FAA CARES	2019 SHIP Grant Fish Pier	AFG Fire Dept	Climate to Thrive 2020	Shore/Harbor Planning	Microloan Program	Ralston Property	Broadband Feasibility	Total
REVENUES										
Intergovernmental income	\$ 4,913	\$ 1,000	\$ 47,577	\$ -	\$ 368	\$ -	\$ -	\$ -	\$ -	\$ 108,356
Investment income	-	-	-	-	-	-	616	-	-	641
Other income	-	-	-	-	-	-	-	-	-	19,261
TOTAL REVENUES	4,913	1,000	47,577	-	368	-	616	-	-	128,258
EXPENDITURES										
Other	-	-	-	-	174	30,000	-	-	-	39,887
TOTAL EXPENDITURES	-	-	-	-	174	30,000	-	-	-	39,887
NET CHANGE IN FUND BALANCES (DEFICITS)	4,913	1,000	47,577	-	194	(30,000)	616	-	-	88,371
FUND BALANCES (DEFICITS) - JANUARY 1	(1,694)	-	(102,154)	(64,350)	109	(30,024)	179,649	24,589	7,542	813
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 3,219	\$ 1,000	\$ (54,577)	\$ (64,350)	\$ 303	\$ (60,024)	\$ 180,265	\$ 24,589	\$ 7,542	\$ 89,184

See accompanying independent auditor’s 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.

SCHEDULE F

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2021

	Airport	Athletic Field	Seawall Reserve	Hagen Dock	Conservation Commission	Fire Dept. Capital	Dog Park
ASSETS							
Cash and cash equivalents	\$ 6,522	\$ 20,854	\$ 181,299	\$ -	\$ 258	\$ 193,588	\$ -
Due from other funds	-	25,652	-	-	131	57,818	5,000
TOTAL ASSETS	\$ 6,522	\$ 46,506	\$ 181,299	\$ -	\$ 389	\$ 251,406	\$ 5,000
LIABILITIES							
Due to other funds	\$ 5,421	\$ -	\$ 81,453	\$ 10,873	\$ -	\$ -	\$ -
TOTAL LIABILITIES	5,421	-	81,453	10,873	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	1,101	46,506	99,846	-	389	251,406	5,000
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(10,873)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	1,101	46,506	99,846	(10,873)	389	251,406	5,000
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 6,522	\$ 46,506	\$ 181,299	\$ -	\$ 389	\$ 251,406	\$ 5,000

SCHEDULE F (CONTINUED)

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2021

	Gym Building	Harbor	Playground Reserve	Rainy Day Reserve	Road Equipment	School Building	Shellfish
ASSETS							
Cash and cash equivalents	\$ 131,578	\$ 201,667	\$ 2,519	\$ 46,375	\$ 102,675	\$ 84,553	\$ 34,323
Due from other funds	-	259,701	100,084	-	-	75,748	-
TOTAL ASSETS	<u>\$ 131,578</u>	<u>\$ 461,368</u>	<u>\$ 102,603</u>	<u>\$ 46,375</u>	<u>\$ 102,675</u>	<u>\$ 160,301</u>	<u>\$ 34,323</u>
LIABILITIES							
Due to other funds	\$ 86,535	\$ -	\$ -	\$ 19,991	\$ 9,060	\$ -	\$ 7,930
TOTAL LIABILITIES	<u>86,535</u>	<u>-</u>	<u>-</u>	<u>19,991</u>	<u>9,060</u>	<u>-</u>	<u>7,930</u>
FUND BALANCES (DEFICITS)							
Nonspendable							
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	45,043	461,368	102,603	26,384	93,615	160,301	26,393
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>45,043</u>	<u>461,368</u>	<u>102,603</u>	<u>26,384</u>	<u>93,615</u>	<u>160,301</u>	<u>26,393</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 131,578</u>	<u>\$ 461,368</u>	<u>\$ 102,603</u>	<u>\$ 46,375</u>	<u>\$ 102,675</u>	<u>\$ 160,301</u>	<u>\$ 34,323</u>

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2021

	Swimming Pool	Town Hall	Harbor Float	Transfer Station Reserve	Unemploy. Fund
ASSETS					
Cash and cash equivalents	\$ 1,888	\$ 26,572	\$ 22,415	\$ 26,238	\$ 14,386
Due from other funds	1	3,913	-	144,179	-
TOTAL ASSETS	<u>\$ 1,889</u>	<u>\$ 30,485</u>	<u>\$ 22,415</u>	<u>\$ 170,417</u>	<u>\$ 14,386</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 8,822	\$ -	\$ 11,062
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>8,822</u>	<u>-</u>	<u>11,062</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	1,889	30,485	13,593	170,417	3,324
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,889</u>	<u>30,485</u>	<u>13,593</u>	<u>170,417</u>	<u>3,324</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,889</u>	<u>\$ 30,485</u>	<u>\$ 22,415</u>	<u>\$ 170,417</u>	<u>\$ 14,386</u>

TOWN OF STONINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2021

	Sidewalks Project	Broadband Reserve	Fire Station Building Reserve	Sea Level Rise Reserve	Waterfront Access	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 76,370	\$ 1,174,080
Due from other funds	24,003	40,100	119,370	100,000	2,500	958,200
TOTAL ASSETS	<u>\$ 24,003</u>	<u>\$ 40,100</u>	<u>\$ 119,370</u>	<u>\$ 100,000</u>	<u>\$ 78,870</u>	<u>\$ 2,132,280</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241,147
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,147</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	24,003	40,100	119,370	100,000	78,870	1,902,006
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(10,873)
TOTAL FUND BALANCES (DEFICITS)	<u>24,003</u>	<u>40,100</u>	<u>119,370</u>	<u>100,000</u>	<u>78,870</u>	<u>1,891,133</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 24,003</u>	<u>\$ 40,100</u>	<u>\$ 119,370</u>	<u>\$ 100,000</u>	<u>\$ 78,870</u>	<u>\$ 2,132,280</u>

See accompanying independent auditor’s 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, 2021

	Airport	Athletic Field	Seawall Reserve	Hagen Dock	Conservation Commission	Fire Dept. Capital	Dog Park
REVENUES							
Charges for services	\$ -	\$ 1,172	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	13	43	370	-	1	395	-
Other income	1,665	-	-	-	-	66	-
TOTAL REVENUES	<u>1,678</u>	<u>1,215</u>	<u>370</u>	<u>-</u>	<u>1</u>	<u>461</u>	<u>-</u>
EXPENDITURES							
Other	8,100	-	-	10,873	-	-	-
TOTAL EXPENDITURES	<u>8,100</u>	<u>-</u>	<u>-</u>	<u>10,873</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,422)</u>	<u>1,215</u>	<u>370</u>	<u>(10,873)</u>	<u>1</u>	<u>461</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	8,000	-	-	100	25,000	2,500
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>25,000</u>	<u>2,500</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(6,422)</u>	<u>9,215</u>	<u>370</u>	<u>(10,873)</u>	<u>101</u>	<u>25,461</u>	<u>2,500</u>
FUND BALANCES (DEFICITS) - JANUARY 1	<u>7,523</u>	<u>37,291</u>	<u>99,476</u>	<u>-</u>	<u>288</u>	<u>225,945</u>	<u>2,500</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 1,101</u>	<u>\$ 46,506</u>	<u>\$ 99,846</u>	<u>\$ (10,873)</u>	<u>\$ 389</u>	<u>\$ 251,406</u>	<u>\$ 5,000</u>

SCHEDULE G (CONTINUED)

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Gym Building	Harbor	Playground Reserve	Rainy Day Reserve	Road Equipment	School Building	Shellfish
REVENUES							
Charges for services	\$ -	\$ 69,670	\$ -	\$ -	\$ -	\$ -	\$ 15,002
Investment income	268	872	5	95	209	172	70
Other income	3,529	12,624	-	-	-	49,385	-
TOTAL REVENUES	<u>3,797</u>	<u>83,166</u>	<u>5</u>	<u>95</u>	<u>209</u>	<u>49,557</u>	<u>15,072</u>
EXPENDITURES							
Other	4,364	53,005	-	-	-	25,046	8,212
TOTAL EXPENDITURES	<u>4,364</u>	<u>53,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,046</u>	<u>8,212</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(567)</u>	<u>30,161</u>	<u>5</u>	<u>95</u>	<u>209</u>	<u>24,511</u>	<u>6,860</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	20,000	45,000	50,000	10,000	25,000	250	1,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>45,000</u>	<u>50,000</u>	<u>10,000</u>	<u>25,000</u>	<u>250</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	19,433	75,161	50,005	10,095	25,209	24,761	7,860
FUND BALANCES (DEFICITS) - JANUARY 1	<u>25,610</u>	<u>386,207</u>	<u>52,598</u>	<u>16,289</u>	<u>68,406</u>	<u>135,540</u>	<u>18,533</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 45,043</u>	<u>\$ 461,368</u>	<u>\$ 102,603</u>	<u>\$ 26,384</u>	<u>\$ 93,615</u>	<u>\$ 160,301</u>	<u>\$ 26,393</u>

SCHEDULE G (CONTINUED)

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Swimming Pool	Town Hall	Harbor Float	Transfer Station Reserve	Unemploy. Fund
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	4	53	46	54	28
Other income	-	-	-	-	-
TOTAL REVENUES	<u>4</u>	<u>53</u>	<u>46</u>	<u>54</u>	<u>28</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4</u>	<u>53</u>	<u>46</u>	<u>54</u>	<u>28</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,000	1,000	100	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>100</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	4	1,053	1,046	154	28
FUND BALANCES (DEFICITS) - JANUARY 1	<u>1,885</u>	<u>29,432</u>	<u>12,547</u>	<u>170,263</u>	<u>3,296</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 1,889</u>	<u>\$ 30,485</u>	<u>\$ 13,593</u>	<u>\$ 170,417</u>	<u>\$ 3,324</u>

SCHEDULE G (CONTINUED)

TOWN OF STONINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Sidewalks Project	Broadband Reserve	Fire Station Building Reserve	Sea Level Rise Reserve	Waterfront Access	Total
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,844
Investment income	-	-	-	-	155	2,853
Other income	-	-	-	-	-	67,269
TOTAL REVENUES	-	-	-	-	155	155,966
EXPENDITURES						
Other	-	125,000	630	-	20,000	255,230
TOTAL EXPENDITURES	-	125,000	630	-	20,000	255,230
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(125,000)	(630)	-	(19,845)	(99,264)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	50,000	20,000	25,000	10,000	293,950
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	50,000	20,000	25,000	10,000	293,950
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(75,000)	19,370	25,000	(9,845)	194,686
FUND BALANCES (DEFICITS) - JANUARY 1	24,003	115,100	100,000	75,000	88,715	1,696,447
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 24,003	\$ 40,100	\$ 119,370	\$ 100,000	\$ 78,870	\$ 1,891,133

See accompanying independent auditor's 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, 2021

	Cemetery Fund	Bartlett/ McDonald	Total
ASSETS			
Cash and cash equivalents	\$ 60,347	\$ 1,383	\$ 61,730
Due from other funds	-	115	115
TOTAL ASSETS	<u>\$ 60,347</u>	<u>\$ 1,498</u>	<u>\$ 61,845</u>
LIABILITIES			
Due to other funds	<u>\$ 564</u>	<u>\$ -</u>	<u>\$ 564</u>
TOTAL LIABILITIES	<u>564</u>	<u>-</u>	<u>564</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	59,783	1,498	61,281
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>59,783</u>	<u>1,498</u>	<u>61,281</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 60,347</u>	<u>\$ 1,498</u>	<u>\$ 61,845</u>

See accompanying independent auditor's 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, 2021

	Cemetery Fund	Bartlett/ McDonald	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Investment income	\$ 2	\$ 118	\$ 120
TOTAL REVENUES	<u> 2</u>	<u> 118</u>	<u> 120</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u> -</u>	<u> -</u>	<u> -</u>
NET CHANGE IN FUND BALANCES	2	118	120
FUND BALANCES - JANUARY 1	<u> 59,781</u>	<u> 1,380</u>	<u> 61,161</u>
FUND BALANCES - DECEMBER 31	<u> \$ 59,783</u>	<u> \$ 1,498</u>	<u> \$ 61,281</u>

See accompanying independent auditor's 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, 2021

	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	689,879	-	1,168,779
Public works	81,400	982,560	625,652	610,611	2,300,223
Water department	66,667	7,469	345,740	3,963,858	4,383,734
Health and sanitation	-	385,460	51,137	-	436,597
Town-wide	<u>5,320,800</u>	<u>1,196,854</u>	<u>191,153</u>	<u>1,330,741</u>	<u>8,039,548</u>
Total General Capital Assets	6,003,167	3,190,654	1,903,561	5,905,210	17,002,592
Less: Accumulated Depreciation	<u>-</u>	<u>(2,150,700)</u>	<u>(1,500,981)</u>	<u>(1,506,823)</u>	<u>(5,158,504)</u>
Net General Capital Assets	<u>\$ 6,003,167</u>	<u>\$ 1,039,954</u>	<u>\$ 402,580</u>	<u>\$ 4,398,387</u>	<u>\$ 11,844,088</u>

See accompanying independent auditor's 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, 2021

	Capital Assets 1/1/21	Additions	Deletions	Capital Assets 12/31/21
Administration	\$ 673,711	\$ -	\$ -	\$ 673,711
Public safety	1,162,054	6,725	-	1,168,779
Public works	2,198,008	170,876	(68,661)	2,300,223
Water department	4,383,734	-	-	4,383,734
Health and sanitation	436,597	-	-	436,597
Town-wide	8,039,548	-	-	8,039,548
Total General Capital Assets	16,893,652	177,601	(68,661)	17,002,592
Less: Accumulated Depreciation	(4,878,841)	(348,324)	68,661	(5,158,504)
Net General Capital Assets	<u>\$ 12,014,811</u>	<u>\$ (170,723)</u>	<u>\$ -</u>	<u>\$ 11,844,088</u>

See accompanying independent auditor's report and notes to financial statements.



INDEPENDENT AUDITOR'S 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
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, 2021 and the related notes to the financial statements, which collectively comprise the Town of Stonington, Maine's basic financial statements and have issued our report thereon dated July 25, 2022.

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 February 28, 2022.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
July 25, 2022