



March 13, 2019

Board of Selectmen  
Town of Readfield, Maine

We have audited the financial statements of the Town of Readfield (the Town) as of and for the year ended June 30, 2018 and have issued our report thereon dated March 13, 2019. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 25, 2018, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Town solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We identified no threats to our independence with respect to this engagement.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Town is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application in 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the depreciation expense on general governmental capital assets is based on the remaining estimated useful lives of capital assets, the estimated salvage value of capital assets, and the use of the straight line method of depreciation. We evaluated the key factors and assumptions used to develop the estimate for depreciation and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion unit.

Management's estimate for an allowance of uncollectible accounts is based Town's history of collecting on outstanding receivables, and on an analysis of the entities from whom accounts receivable are outstanding and their ability and likelihood of payment. We evaluated the key factors and assumptions used to develop the estimate for the allowance for uncollectible accounts and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion unit.

Management's estimate for unavailable property taxes is based on the Town's prior year collection rates applied to the current year balance of taxes receivable. We evaluated the key factors and assumptions used to develop the estimate for the allowance for unavailable property taxes and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion unit.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We did not consider any of the Town's financial statement disclosures for the current fiscal year to be particularly sensitive.

### **Identified or Suspected Fraud**

We have not identified or obtained any information that indicates that fraud may have occurred or is suspected to have occurred. However, our audit procedures are not designed to detect fraud and, therefore, a fraud may have occurred that has not been identified.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There are no uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are material, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Attached is a schedule of material misstatements that we identified as a result of our audit procedures and that were brought to the attention of, and corrected by, management.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Town's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated March 13, 2019.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Modification of the Auditor's Report**

### *Others Matters Paragraph*

Our auditor's report also contains expected "other matters" paragraphs relating to required supplementary information and other information relating to the financial statements.

We applied certain limited procedures to management's discussion and analysis and the budgetary comparison schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, Schedules 2 – 6, which accompany the financial statements but are not RSI. With respect to other supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Town, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Town's auditors.

#### *Restrictions on Use*

This report is intended solely for the information and use of the Board of Selectmen and management of the Town of Readfield and is not intended to be and should not be used by anyone other than these specified parties.



Berry Talbot Royer  
Certified Public Accountants  
Falmouth, Maine

# Town of Readfield



Annual Financial Statements  
For the year Ended June 30, 2018

Independently Audited By

**Berry·Talbot·Royer**  
CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

Town Selectmen and Manager  
Town of Readfield, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Readfield, Maine as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Readfield, Maine as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 11 and 33 - 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Readfield, Maine's basic financial statements. Schedules 2 through 6 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 2 through 6 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 2 through 6 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Berry Talbot Royer  
Certified Public Accountants  
Falmouth, Maine  
March 13, 2019



# Town of Readfield

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## Management Discussion and Analysis

The Town of Readfield (the Town) provides this Management Discussion and Analysis to present additional information to the readers of the Town's basic financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2018. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the Town's basic financial statements, required supplementary information, and other supplementary information.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements include three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains required supplementary information that provides budgetary comparisons with actual results. The components of the financial statements are described in the following sections.

### Basic Financial Statements

The basic financial statements include two types of financial statements that present different views of the Town: the Government-wide Financial Statements and the Fund Financial Statements. The Notes to the Basic Financial Statements supplement the financial statement information and clarify line items that are part 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 similar to a private sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists in assessing the Town's economic condition at the end of the fiscal year. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The Government-wide Financial Statements include two statements:

- The *Statement of Net Position* presents all of the government's assets, liabilities, and deferred inflows of resources, with the difference between total assets and the sum of total liabilities and total deferred inflows of resources reported as total net position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

Both of the above financial statements present the net position and activities of *governmental activities*. Governmental activities are those activities that are mostly supported by taxes and intergovernmental revenues (federal and state grants) and are the only major category of activities carried on by the Town.

#### *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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Fund Financial Statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the Government-wide Financial Statements. The Town maintains only one category of funds: governmental funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

#### Governmental Funds

All 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 as 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 balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near term financing requirements. This approach is known as using the flow of 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 (i.e., measurable and available to liquidate liabilities of the current period). Expenditures are generally recorded when liabilities are incurred, except for those related to long-term liabilities, which are recorded when due and payable. 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 the 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 fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town presents three columns in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The Town's major governmental fund is the General Fund. All non-major governmental funds are combined in the "Other Governmental Funds" column on these statements.

### Current Year Financial Highlights

- The Town's assets exceeded its liabilities and deferred inflows of resources by \$22,884,351 as of the end of the fiscal year. This year's total net position includes an unrestricted portion totaling \$2,383,530 which may be used to meet the Town's ongoing obligations to employees, citizens, and creditors.
- The Town's operations for this year resulted in an increase in net position of \$3,256. The Town's net expenses of \$5,548,960 were offset by general revenues of \$5,552,216.
- Total governmental activities' expenses in fiscal year 2018 were up by \$95,796 from fiscal year 2017. Also, total governmental activities' revenues in fiscal year 2018 were up \$173,196 from fiscal year 2017.
- In the General Fund, the Town's unassigned fund balance increased by \$143,168 from the prior fiscal year.
- At the close of the current fiscal year, the Town's General Fund's unassigned fund balance as a percentage of the General Fund's expenditures for the fiscal year was 23.38%, which is up from 19.23% in the prior year.
- The Town's total bonded and other long-term debt decreased by \$317,796 during the current fiscal year. Current year debt repayments were \$317,796 and there were no current year debt issues.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's net position totaled \$22.8 million at the end of the fiscal year 2018, compared to \$22.9 million at the end of the fiscal year 2017.

**Table A**  
Town of Readfield  
Condensed Statement of Net Position  
As of June 30, 2018 and 2017

|                                  | Table A - Condensed Statement of Net Position |                      | Table_A          |          |
|----------------------------------|---|----------------------|------------------|----------|
|                                  | 2018  | 2017                 | \$ Change        | % Change |
| Current assets                   | \$ 2,781,806                                  | \$ 2,490,540         | \$ 291,266       | 11.69%   |
| Capital assets, net              | <u>21,007,303</u>                             | <u>21,564,790</u>    | <u>(557,487)</u> | -2.59%   |
| Total assets                     | 23,789,109                                    | 24,055,330           | (266,221)        |          |
|                                  |   |                      | -                |          |
| Current liabilities              | 379,612                                       | 380,918              | (1,306)          | -0.34%   |
| Long-term liabilities            | <u>488,418</u>                                | <u>775,275</u>       | <u>(286,857)</u> | -37.00%  |
| Total liabilities                | 868,030                                       | 1,156,193            | (288,163)        |          |
| Deferred inflows<br>of resources | 36,728  | 18,042               | 18,686           | 103.57%  |
| Net investment in capital assets | 20,222,269                                    | 20,469,565           | (247,296)        | -1.21%   |
| Restricted                       | 278,552                                       | 264,390              | 14,162           | 5.36%    |
| Unrestricted                     | <u>2,383,530</u>                              | <u>2,147,140</u>     | <u>236,390</u>   | 11.01%   |
| Total net position               | <u>\$ 22,884,351</u>                          | <u>\$ 22,881,095</u> | <u>\$ 3,256</u>  | 0.01%    |

**Table B**  
Town of Readfield  
Condensed Statement of Activities  
For the Years Ended June 30, 2018 and 2017

| <b>Table B - Condensed Statement of Activities</b> | <b>Table _B</b>     |                    |                  |                 |
|--|---------------------|--------------------|------------------|-----------------|
|  | <u>2018</u>         | <u>2017</u>        | <u>\$ Change</u> | <u>% Change</u> |
| Charges for services                               | 282,966             | 253,230            | 29,736           | 11.74%          |
| Operating grants and contributions                 | <u>39,839</u>       | <u>51,507</u>      | <u>(11,668)</u>  | -22.65%         |
| Total program revenues                             | 322,805             | 304,737            | 18,068           | 5.93%           |
| Taxes  | 5,094,787           | 5,045,248          | 49,539           | 0.98%           |
| Intergovernmental                                  | 299,254             | 235,743            | 63,511           | 26.94%          |
| Other  | <u>158,175</u>      | <u>116,097</u>     | <u>42,078</u>    | 36.24%          |
| Total general revenues                             | 5,552,216           | 5,397,088          | 155,128          |                 |
| <b>Total Revenues</b>                              | <b>5,875,021</b>    | <b>5,701,825</b>   | <b>173,196</b>   | <b>3.04%</b>    |
| General government                                 | \$ 435,643          | 463,857            | (28,214)         | -6.08%          |
| Boards and commissions                             | 1,249               | 3,014              | (1,765)          | -58.56%         |
| Town buildings                                     | -                   | 27,658             | (27,658)         | -100.00%        |
| Community services                                 | 56,922              | 64,156             | (7,234)          | -11.28%         |
| Recreation, parks and activities                   | 36,734              | 21,177             | 15,557           | 73.46%          |
| Protection   | 177,635             | 153,960            | 23,675           | 15.38%          |
| Cemeteries   | 11,278              | 30,916             | (19,638)         | -63.52%         |
| Roads and drainage                                 | 793,288             | 870,796            | (77,508)         | -8.90%          |
| Solid waste  | 313,538             | 270,123            | 43,415           | 16.07%          |
| Education  | 3,527,596           | 3,442,351          | 85,245           | 2.48%           |
| Regional assessments                               | 305,861             | 306,973            | (1,112)          | -0.36%          |
| Capital improvements                               | 12,904              | 33,615             | (20,711)         | -61.61%         |
| Interest on long-term debt                         | 41,494              | 33,003             | 8,491            | 25.73%          |
| Municipal maintenance                              | 125,989             | -                  | 125,989          | N/A             |
| General assistance                                 | 27,144              | 54,370             | (27,226)         | -50.08%         |
| Overlay and bad debt                               | <u>4,490</u>        | <u>-</u>           | <u>4,490</u>     | N/A             |
| Total expenses                                     | <u>\$ 5,871,765</u> | <u>5,775,969</u>   | <u>95,796</u>    | 2%              |
| <b>Change in net position</b>                      | <u>\$ 3,256</u>     | <u>\$ (74,144)</u> | <u>\$ 77,400</u> | -104%           |

Overall, total revenues went up in fiscal year 2018 compared to fiscal year 2017 by just about 3.04%. Most of this increase came from intergovernmental and other revenues. Total expenses was up by 2%; this led to an increase in net position of \$3,256, compared to 2017's results, which showed a \$74,144 decrease in net position.

**Chart A**  
Revenue by Source

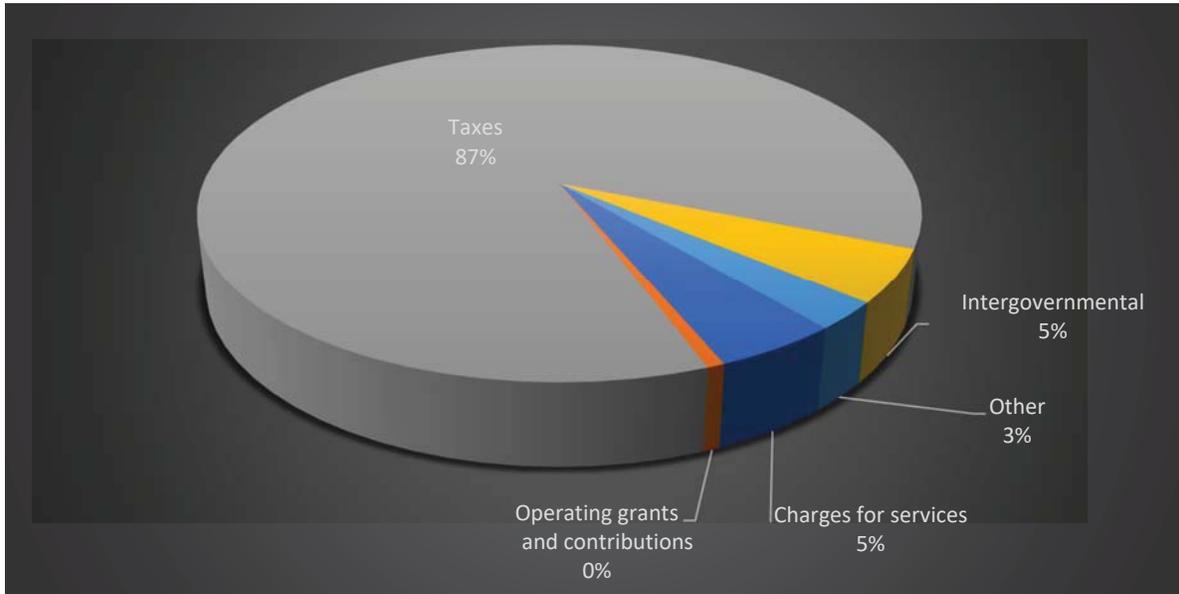


Chart A shows the relative size of revenues based on their source. The largest source of revenues is, of course, taxes at 87%, followed by Charges for Services and Intergovernmental at 5%.

**Chart B**  
Expenses by Program

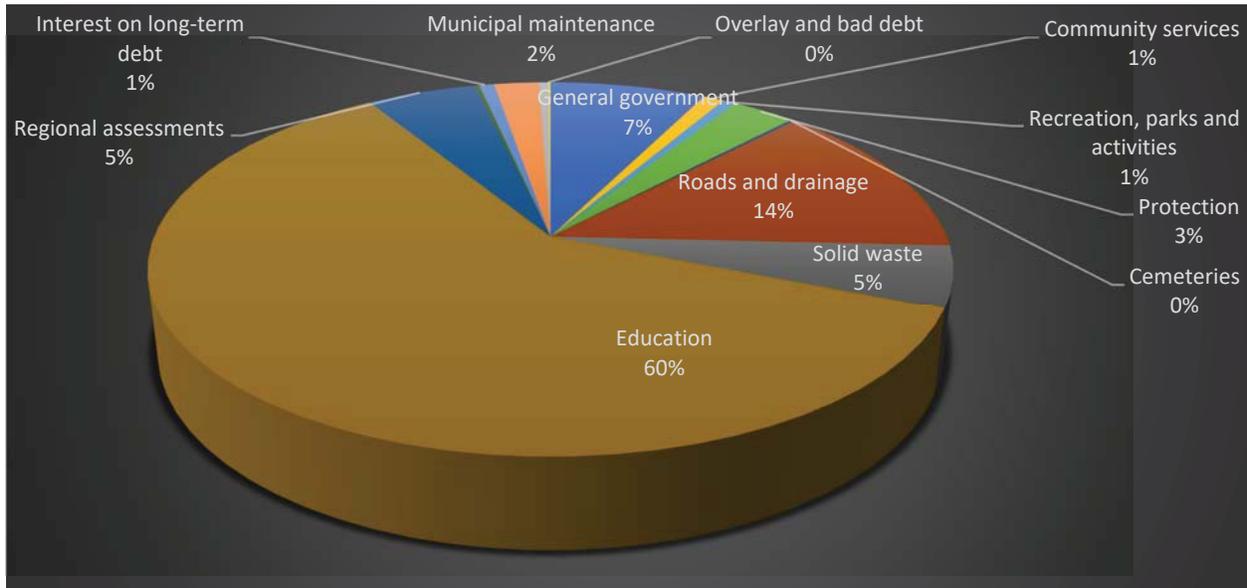


Chart B shows the relative sizes of expenses based on the program. Fixed charges, which includes education takes up the largest share of expenses at 60%. Roads and drainage is second, consuming 14% of expenses.

## Analysis of the Town's Governmental Funds

As noted earlier, the Town of Readfield uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town's governmental funds is on near term inflows, outflows, and balances of spendable resources. Such information is 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 fiscal year.

### General Fund

The General Fund's fund balances were \$2,209,476 and \$2,007,812 for fiscal years 2018 and 2017, respectively, which is a \$201,664 increase in the current fiscal year. The unassigned fund balance had fund balances of \$1,314,672 and \$1,171,504 for fiscal years 2018 and 2017, respectively, which is a \$143,168 increase in the current fiscal year.

Other significant changes in the General Fund's fund balance components include a \$125,000 decrease in the assigned fund balance from the prior fiscal year. In addition, the committed fund balance increased \$188,022 in the current fiscal year.

### Other Governmental Funds

All other governmental funds are composed of nonmajor special revenue funds, capital projects funds, and permanent funds. Total special revenue fund balances were \$4,767 for fiscal years 2018 and 2017. Total permanent funds fund balances were \$278,552 and \$264,390 for fiscal years 2018 and 2017, respectively, which represents a \$14,162 increase in the current fiscal year. The fund balances of special revenue funds simply represent unexpended grant and other specially designated funds. The fund balances of capital projects funds represent expended bond funds issued for capital improvement projects. The fund balances of permanent funds represent nonspendable and restricted portions of funds endowed to the Town for specified uses.

## General Fund Budgetary Highlights

The municipal budget approves appropriations for both the General Fund and the Capital Projects Fund. The Capital Projects Fund portion is budgeted to be funded primarily through new bond issues. The original budget, as adopted by the Town on June 13, 2017, budgeted a deficit of \$402,549 that was to be covered through the use of fund balances. There were no significant differences between the original and the final budget for the general fund.

In analyzing comparisons between the final budget and actual results, revenues came in at \$147,153 above budget, driven mostly by a \$81,599 increase in motor vehicle taxes. Other revenue line items were over and under budget by varying degrees and, generally, positive variances offset negative variances.

Overall, actual expenditures were lower than budgeted expenditures by \$466,509. The departments with the largest budget-to-actual variances were Capital Improvements (\$247,908 and 95% under budget), and Roads and Drainage (\$85,735 and 22.9% under budget).

As a result of revenues coming in over budget, and expenditures coming in under budget, the Town experienced a surplus of \$613,662 on a budgetary basis (which differs from the GAPP basis used to measure performance in the basic financial statements, and as explained in the notes to the required supplementary information).

### Capital Assets and Long-term Debt Activity

#### Capital Assets

The Town’s investment in capital assets for governmental activities, as of June 30, 2018, has a net book value of \$30,371,520, less accumulated depreciation of \$9,364,217. This investment includes land, buildings and improvements, machinery, equipment and vehicles, and infrastructure. Infrastructure assets are items that are normally immovable and have value only to the Town, such as roads, bridges, streets, sidewalks, drainage systems, lighting systems, and similar items.

There was \$30,183 of capital asset additions and there were no disposals of capital assets in the current year. Depreciation expense for the current year, totaled \$587,659.

**Table C**  
Capital Assets Net Book Value Comparisons  
As of June 30, 2018 and 2017

|                                 | <u>2018</u>          | <u>2017</u>          | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------------|----------------------|----------------------|------------------|-----------------|
| Land                            | \$ 2,865,844         | \$ 2,865,844         | \$ -             | -               |
| Buildings and Improvements      | 1,021,793            | 1,021,793            | -                | -               |
| Machinery, equipment & vehicles | 1,512,572            | 1,482,389            | 30,183           | 2%              |
| Infrastructure                  | <u>24,971,311</u>    | <u>24,971,311</u>    | -                | -               |
| Totals                          | <u>\$ 30,371,520</u> | <u>\$ 30,341,337</u> | <u>\$ 30,183</u> |                 |

**Chart C**  
Composition of Capital Assets

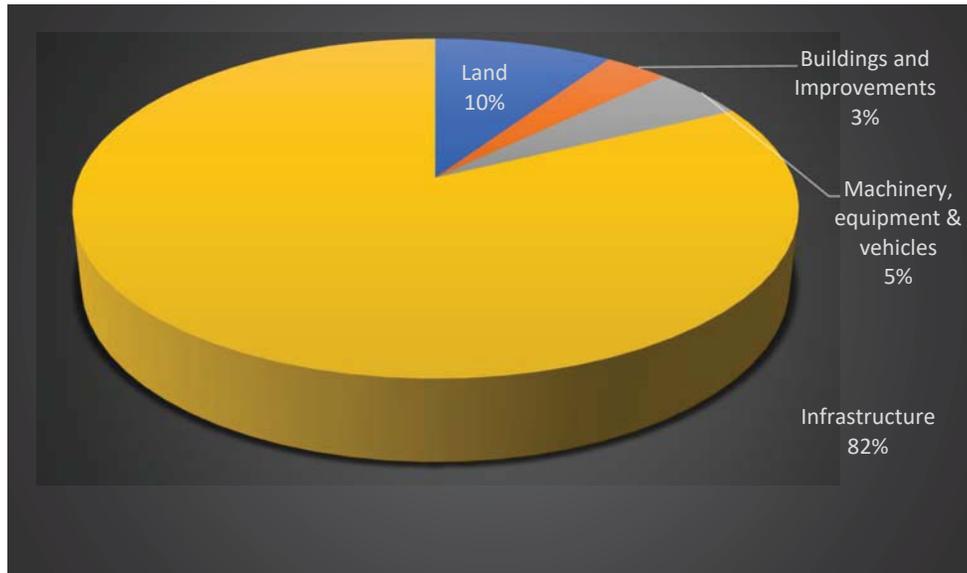


Chart C shows the composition of the capital assets and each of their classes in terms of their relative size to each other.

**Chart D**  
Consumption of Capital Assets

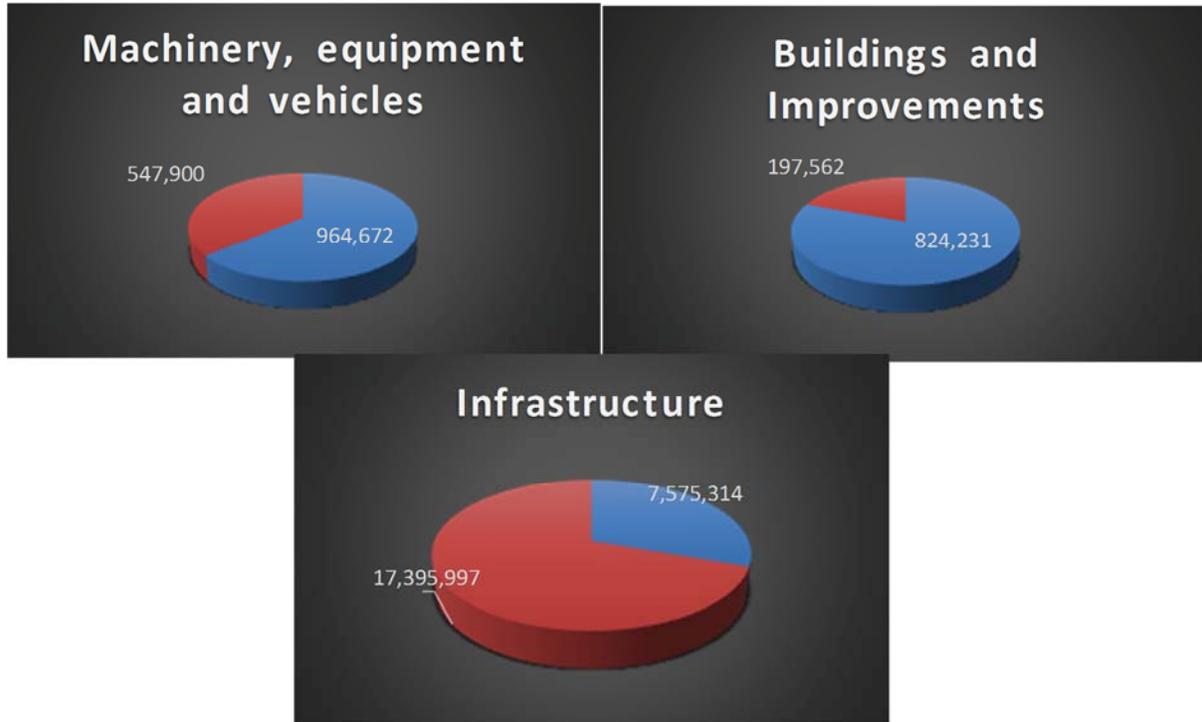


Chart D provides a graphical depiction of how much of each asset class’ total cost has been expensed as depreciation, as of June 30, 2018. The entire pie represents total cost, the red portion represents net book value (or, undepreciated cost), and the blue portion represents accumulated depreciation. These charts are designed to show how much of each asset class has been “used up” through depreciation. The more accumulated depreciation relative to net book value (i.e., the more blue the pie becomes), the closer the asset class is, on average, to the end of its useful life. As capital assets age, the Town needs to replace them so that the Town can carry out its services. The pies show that the buildings and improvements, machinery, equipment and vehicles, and infrastructure have, on average for the class, relatively young useful lives. Buildings and improvements, as well as machinery, equipment and vehicles are over 50% accumulated depreciation. This analysis is useful to help assess where capital outlays will need to be made in the future.

**Long-Term Debt**

At the end of the fiscal year, the Town had \$772,266 in general obligation - a decrease of approximately \$317,000 over last year. There were no bond issuances in the current fiscal year. The Town paid down its debt during the year in the amount of \$317,796, which included \$18,047 of capital lease payments and \$299,749 of general obligation bond payments.

All outstanding bonded debt is to be used for capital asset expenditures. Unexpended bond funds remain accounted for in the capital projects funds and will be used to complete projects that have been approved by the Town in prior years. The Town’s debt load remains well below the statutory debt limit of 15% of the Town’s state valuation.

**Table D**  
 Long-Term Debt Comparisons  
 As of June 30, 2018 and 2017

**Table D - Long-term Debt Activity**

**Table\_D**

|                          | <u>2018</u>       | <u>2017</u>         | <u>\$ Change</u>    | <u>% Change</u> |
|--------------------------|-------------------|---------------------|---------------------|-----------------|
| General obligation bonds | \$ 772,266        | \$ 1,072,015        | \$ (299,749)        | -28%            |
| Capital lease payable    | -                 | 18,047              | (18,047)            | -100%           |
| Totals                   | <u>\$ 772,266</u> | <u>\$ 1,090,062</u> | <u>\$ (317,796)</u> | -29%            |

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Readfield’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Teresa Shaw  
 Financial Officer  
 Town of Readfield  
 8 Old Kents Hill Road  
 Readfield, Maine 04355  
[readfield.finance@roadrunner.com](mailto:readfield.finance@roadrunner.com)

**Statement of Net Position**

Statement 1

As of June 30, 2018

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>Assets</b>                          |                            |
| Cash and equivalents                   | \$ 2,053,482               |
| Investments                            | 384,921                    |
| Accounts receivable                    | 15,112                     |
| Taxes receivable                       | 320,028                    |
| Personal property tax receivable, net  | <u>8,263</u>               |
| Total current assets                   | 2,781,806                  |
| Land                                   | 2,865,844                  |
| Land improvements                      | 213,952                    |
| Buildings                              | 807,841                    |
| Machinery and equipment                | 276,992                    |
| Vehicles                               | 1,235,580                  |
| Infrastructure                         | 24,971,311                 |
| Accumulated depreciation               | <u>(9,364,217)</u>         |
| Net capital assets                     | <u>21,007,303</u>          |
| <b>Total Assets</b>                    | 23,789,109                 |
| <b>Liabilities</b>                     |                            |
| Accounts payable                       | 59,180                     |
| Accrued wages                          | 3,533                      |
| Accrued interest                       | 12,768                     |
| Long-term debt - due within one year   | <u>304,131</u>             |
| Total current liabilities              | 379,612                    |
| Accrued compensated absences           | 20,283                     |
| Long-term debt - due beyond one year   | <u>468,135</u>             |
| Total non-current liabilities          | <u>488,418</u>             |
| <b>Total Liabilities</b>               | 868,030                    |
| <b>Deferred Inflows of Resources</b>   |                            |
| Prepaid property taxes                 | <u>36,728</u>              |
| <b>Net Position</b>                    |                            |
| Net investment in capital assets       | 20,222,269                 |
| Restricted for:                        |                            |
| Nonexpendable permanent fund principal | 130,208                    |
| Expendable permanent fund balances     | 148,344                    |
| Unrestricted                           | <u>2,383,530</u>           |
| <b>Total Net Position</b>              | <u>\$ 22,884,351</u>       |

**Statement of Activities**

Statement 2

For the Year Ended June 30, 2018

| Functions/Programs                | Expenses            | Program Revenues     |                                    | Net (Expense)                       |
|-----------------------------------|---------------------|----------------------|------------------------------------|-------------------------------------|
|                                   |                     | Charges for Services | Operating Grants and Contributions | Revenue and Changes in Net Position |
|                                   |                     |                      |                                    | Governmental Activities             |
| <b>Primary Government</b>         |                     |                      |                                    |                                     |
| Governmental Activities           |                     |                      |                                    |                                     |
| General government                | \$ 435,643          | \$ 1,216             | \$ -                               | \$ (434,427)                        |
| Boards and commissions            | 1,249               | -                    | 38                                 | (1,211)                             |
| Community services                | 56,922              | 29,691               | 2,498                              | (24,733)                            |
| Recreation, parks, and activities | 36,734              | 20,367               | -                                  | (16,367)                            |
| Protection                        | 177,635             | 17,200               | 42                                 | (160,393)                           |
| Cemeteries                        | 11,278              | -                    | 21                                 | (11,257)                            |
| Roads and drainage                | 793,288             | -                    | 35,924                             | (757,364)                           |
| Solid waste                       | 313,538             | 214,492              | -                                  | (99,046)                            |
| Education                         | 3,527,596           | -                    | -                                  | (3,527,596)                         |
| Regional assessments              | 305,861             | -                    | -                                  | (305,861)                           |
| Capital improvements              | 12,904              | -                    | -                                  | (12,904)                            |
| Debt service                      | 41,494              | -                    | -                                  | (41,494)                            |
| Municipal maintenance             | 125,989             | -                    | -                                  | (125,989)                           |
| Other expenses                    | 27,144              | -                    | 1,316                              | (25,828)                            |
| Bad debt expense                  | 4,490               | -                    | -                                  | (4,490)                             |
| <b>Total Primary Government</b>   | <b>\$ 5,871,765</b> | <b>\$ 282,966</b>    | <b>\$ 39,839</b>                   | <b>(5,548,960)</b>                  |
| General Revenues                  |                     |                      |                                    |                                     |
|                                   |                     |                      |                                    | 5,094,787                           |
|                                   |                     |                      |                                    | 299,254                             |
|                                   |                     |                      |                                    | 26,426                              |
|                                   |                     |                      |                                    | 34,139                              |
|                                   |                     |                      |                                    | 42,225                              |
|                                   |                     |                      |                                    | 55,385                              |
|                                   |                     |                      |                                    | <u>5,552,216</u>                    |
|                                   |                     |                      |                                    | 3,256                               |
|                                   |                     |                      |                                    | <u>22,881,095</u>                   |
|                                   |                     |                      |                                    | <u>\$ 22,884,351</u>                |

**Balance Sheet**

Statement 3

**Governmental Funds**

As of June 30, 2018

|  | General<br>Fund     | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|--------------------------------|
|  | <u>          </u>   | <u>          </u>              | <u>          </u>              |
| <b>Assets</b>  |                     |                                |                                |
| Cash and cash equivalents  | \$ 2,039,306        | \$ 14,176                      | \$ 2,053,482                   |
| Investments  | 124,013             | 260,908                        | 384,921                        |
| Accounts receivable  | 15,112              | -                              | 15,112                         |
| Taxes receivable   | 320,028             | -                              | 320,028                        |
| Personal property tax receivable, net  | 8,263               | -                              | 8,263                          |
| Due from other funds   | <u>181</u>          | <u>8,416</u>                   | <u>8,597</u>                   |
| <b>Total Assets</b>  | <u>\$ 2,506,903</u> | <u>\$ 283,500</u>              | <u>\$ 2,790,403</u>            |
| <b>Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b>       |                     |                                |                                |
| <b>Liabilities</b>   |                     |                                |                                |
| Accounts payable   | \$ 59,180           | \$ -                           | \$ 59,180                      |
| Accrued wages  | 3,533               | -                              | 3,533                          |
| Due to other funds   | <u>8,416</u>        | <u>181</u>                     | <u>8,597</u>                   |
| Total liabilities  | 71,129              | 181                            | 71,310                         |
| <b>Deferred Inflows of Resources</b>   |                     |                                |                                |
| Prepaid property taxes   | 36,728              | -                              | 36,728                         |
| Unavailable property taxes   | <u>189,570</u>      | <u>-</u>                       | <u>189,570</u>                 |
| Total deferred inflows of resources  | 226,298             | -                              | 226,298                        |
| <b>Fund Balances</b>   |                     |                                |                                |
| Nonspendable   | -                   | 130,208                        | 130,208                        |
| Restricted   | -                   | 148,344                        | 148,344                        |
| Committed  | 894,804             | -                              | 894,804                        |
| Assigned   | -                   | 4,767                          | 4,767                          |
| Unassigned   | <u>1,314,672</u>    | <u>-</u>                       | <u>1,314,672</u>               |
| Total fund balances  | <u>2,209,476</u>    | <u>283,319</u>                 | <u>2,492,795</u>               |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <u>\$ 2,506,903</u> | <u>\$ 283,500</u>              | <u>\$ 2,790,403</u>            |

**Reconciliation Statement**

Statement 4

Total Governmental Fund Balances to the  
 Net Position of Governmental Activities  
 As of June 30, 2018

**Total governmental funds balance, per Statement 3** \$ 2,492,795

Capital assets are not current financial resources and, therefore, are not reported in the governmental funds. They are, however, economic resources of governmental activities and are reported in the Statement of Net Position.

Net capital assets 21,007,303

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. They are, however, economic liabilities of governmental activities and are reported in the Statement of Net Position.

Accrued interest (12,768)

Accrued compensated absences (20,283)

Long-term debt (772,266)

Taxes that are not expected to be collected within sixty days of the end of the fiscal year are not considered current financial resources and, therefore, are excluded from the governmental fund balances. They are, however, considered economic resources of governmental activities and are included in the net position.

Unavailable property taxes 189,570

**Net position of governmental activities, per Statement 1** \$ 22,884,351

**Statement of Revenues, Expenditures, and Changes in Fund Balances**

Statement 5

**Governmental Funds**

For the Year Ended June 30, 2018

|   | General<br>Fund     | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                           |                     |                                |                                |
| Taxes                                     | \$ 5,069,313        | \$ -                           | \$ 5,069,313                   |
| Intergovernmental                         | 336,494             | -                              | 336,494                        |
| Licenses, permits, and fees               | 26,426              | -                              | 26,426                         |
| Charges for services                      | 282,966             | -                              | 282,966                        |
| Penalties and interest                    | 34,139              | -                              | 34,139                         |
| Contributions                             | 2,599               | -                              | 2,599                          |
| Other revenue                             | <u>28,037</u>       | <u>14,189</u>                  | <u>42,226</u>                  |
| Total revenues                            | 5,779,974           | 14,189                         | 5,794,163                      |
| <b>Expenditures</b>                       |                     |                                |                                |
| General government                        | 418,970             | -                              | 418,970                        |
| Boards and commissions                    | 1,249               | -                              | 1,249                          |
| Community services                        | 56,922              | -                              | 56,922                         |
| Recreation, parks, and activities         | 32,175              | -                              | 32,175                         |
| Protection                                | 158,606             | -                              | 158,606                        |
| Cemeteries                                | 11,278              | -                              | 11,278                         |
| Roads and drainage                        | 288,215             | -                              | 288,215                        |
| Solid waste                               | 306,351             | -                              | 306,351                        |
| Education                                 | 3,527,596           | -                              | 3,527,596                      |
| Regional assessments                      | 305,861             | -                              | 305,861                        |
| Capital improvements                      | 12,904              | -                              | 12,904                         |
| Debt service                              | 328,475             | -                              | 328,475                        |
| Municipal maintenance                     | 144,036             | -                              | 144,036                        |
| Other expenses                            | 27,118              | 27                             | 27,145                         |
| Bad debt expense                          | <u>4,490</u>        | <u>-</u>                       | <u>4,490</u>                   |
| Total expenditures                        | <u>5,624,246</u>    | <u>27</u>                      | <u>5,624,273</u>               |
| <b>Revenue Surplus (Deficit)</b>          | 155,728             | 14,162                         | 169,890                        |
| <b>Other Financing Sources (Uses)</b>     |                     |                                |                                |
| Proceeds from foreclosed property         | 55,385              | -                              | 55,385                         |
| <b>Net Change in Fund Balance</b>         | 211,113             | 14,162                         | 225,275                        |
| <b>Beginning Fund Balances (Restated)</b> | <u>1,998,363</u>    | <u>269,157</u>                 | <u>2,267,520</u>               |
| <b>Ending Fund Balances</b>               | <u>\$ 2,209,476</u> | <u>\$ 283,319</u>              | <u>\$ 2,492,795</u>            |

| <b>Reconciliation Statement</b>  | Statement 6     |
|--|-----------------|
| <b>Net Change in Fund Balances of Governmental Funds</b>   |                 |
| to the Change in Net Position of Governmental Activities   |                 |
| For the Year Ended June, 30, 2018  |                 |
| <b>Net change in fund balances of governmental funds, per Statement 5</b>  | \$ 225,275      |
| Capital assets acquired during the year are reported as expenditures in the governmental funds, but are not reported as expenses of governmental activities. Instead, they are reported as increases in capital assets in the Statement of Net Position                                  |                 |
| Capital asset acquisitions   | 30,183          |
| Repayment of debt principal and principal on capital lease obligations are reported as expenditures in the governmental funds, but are not reported as expenses of governmental activities. Instead, they are reported as reductions in long-term debt in the Statement of Net Position. |                 |
| Bond principal payments  | 299,749         |
| Capital lease obligation principal payments  | 18,047          |
| Taxes not collected within sixty days after year end are not considered available financial resources and, therefore, are not reported as revenue in the governmental funds. However, they are reported as revenue in the Statement of Activities.                                       |                 |
| Increase in unavailable property taxes   | 25,474          |
| Certain expenses and expense adjustments reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.   |                 |
| Depreciation expense   | (587,670)       |
| Increase in accrued interest expense   | (12,768)        |
| Decrease in accrued compensated absences   | <u>4,966</u>    |
| <b>Change in net position of governmental activities, per Statement 2</b>  | <u>\$ 3,256</u> |

## **Note 1            Summary of Significant Accounting Policies**

### **The Reporting Entity**

The Town of Readfield, Maine, incorporated in 1791 under the laws of the State of Maine. The Town operates under a Town selectmen-manager form of government and provides the following services: general government, community services, recreation parks and activities, protection, cemeteries, roads and drainage, solid waste, education and other unclassified services. The financial statements of the Town of Readfield conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

### **Principles Determining Scope of Reporting Entity**

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may or may not be financially accountable and, as such, be includable within the Town's basic financial statements. In accordance with GASB, the Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. The Town also is financially accountable for organizations that are fiscally dependent on it and there is a financial benefit or burden relationship. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there are no other entities within the Town that should be included as part of these basic financial statements.

### **Basis of Presentation**

The Town's basic financial statements consist of government-wide financial statements that describe the Town's overall financial position and changes in financial position, and fund financial statements that provide a more detailed level of financial information.

### ***Government-Wide Financial Statements***

The government-wide financial statements, composed of the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the Town at year end. The Statement of Activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, service, program, or department. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.

## Note 1 Summary of Significant Accounting Policies (Continued)

### *Fund Financial Statements*

The financial transactions of the Town are reported in 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, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported generic classification within the financial statements.

The Town currently uses one category of funds: governmental funds. The focus of the governmental funds' measurement is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income.

Major individual governmental funds are reported as separate columns in the fund financial statements. The Town's governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific sources that are legally restricted to expenditures for specified purposes. The special revenue fund is not considered a major fund in the current year.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital assets that are primarily financed through bond issues. The Capital Projects Fund is not considered a major fund in the current year.

*Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the Town or its citizenry. The Permanent Fund is not considered a major fund in the current year.

### **Measurement Focus and Basis of Accounting**

Measurement focus refers to which of the Town's resources are being measured. Basis of accounting refers to the timing of the measurements being made, regardless of the measurement focus being applied. That is, basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide financial statements are reported using the economic measurement focus and the accrual basis of accounting. All economic resources and claims on those economic resources are measured, including fixed assets, other non-current assets, and long-term liabilities. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the period for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## Note 1 Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus excludes from measurement resources such as fixed assets, other non-current assets, and long-term liabilities. Under modified accrual accounting, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

### Interfund Transactions

During the course of normal operations, transactions occur between individual funds. Interfund transactions are classified depending on the nature of the transaction.

*Interfund loans* are recorded as receivables and payables are presented as “due from other funds” and “due to other funds,” respectively, on the balance sheets of the fund financial statements. For reporting purposes, current amounts due from and due to the same funds are offset and the net amounts are shown in the respective fund balance sheets.

*Interfund services* provided and used are recorded as revenues in the fund providing the goods or services and as expenditures/expenses in the fund receiving the goods or services. Any unpaid amounts are recorded as receivables and payables and presented in the same manner as interfund loans.

*Interfund transfers* are flows of assets from one fund to another without equivalent flows of assets in return. Interfund transfers are recorded and are presented as “transfers in” and “transfers out” in the fund financial statements. In the governmental funds, these transfers are reported as other financing sources and uses.

*Interfund reimbursements* are repayments from funds responsible for particular expenditures/expenses to funds that initially paid for them. Reimbursements are not displayed in the financial statements.

### Cash and Cash Equivalents

The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. Maine statutes authorize investments in obligations of the U.S. Treasury and U.S. Agencies and repurchase agreements. It is the Town’s policy to value investments at fair value. The Town invests in the following investments:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidences of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

### Receivables

Receivables consist of all revenues recognized by year-end (on the applicable basis of accounting) but not yet received, which consist of amounts due from governmental agencies and local businesses. All receivables are current and are therefore due within one year. Management’s estimation for allowances for uncollectible accounts is based on collection rates or, where appropriate, collection experience with specific payers. Receivables were \$15,112 for the year ended June 30, 2018.

## Note 1 Summary of Significant Accounting Policies (Continued)

### Capital Assets

Capital assets, which include land, land improvements, buildings, machinery and equipment, vehicles and infrastructure assets (e.g., roads, bridges and similar items), are reported in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are reported at fair market value as of the date received. The Town defines capital assets as those with an initial, individual cost of \$5,000 or more with an estimated useful life in excess of two years. Expenditures that significantly increase the service capacity or extend the useful life of existing capital assets are also capitalized. The costs of normal maintenance and repairs are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. The estimated useful lives are as follows:

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred outflows of resources*. This element represents a consumption of resources that applies to a future period and, therefore, will not be recognized as an outflow of resources.

In addition to liabilities, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred inflows of resources*. This element represents an acquisition of resources that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the Town's deferred inflows of resources consist solely of property taxes collected in advance. In the fund financial statements, due to requirements under the modified accrual basis of accounting, deferred inflows of resources also include unavailable property taxes.

### Compensated Absences

In the government-wide financial statements, liabilities that are attributable to services already rendered are accrued as employees earn the rights to the benefits and are recognized in the period incurred. In the governmental fund financial statements, compensated absences are recognized as related payments come due each period. Pursuant to the terms of the personnel policies, vacation time and sick time is granted in varying amounts according to length of service. As of June 30, 2018, the accrual for compensated absences was determined to be \$20,283.

**Note 1 Summary of Significant Accounting Principles (Continued)**

**Long-Term Obligations**

Long-term debt is recognized as a liability in a governmental fund when due. For long-term obligations, only that portion expected to be financed from expendable financial resources is reported as a fund liability of a governmental fund. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. The long-term debt consists primarily of bonds and a capital lease payable.

**Components of Net Position**

Net position in the government-wide Statement of Net Position is required to be classified into the following three components:

*Net Investment in Capital Assets* is the portion of net position that consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

|                                  |                      |
|----------------------------------|----------------------|
| Capital assets                   | \$ 30,371,520        |
| Accumulated depreciation         | (9,364,217)          |
| Bonds and notes payable          | <u>(785,034)</u>     |
| Net Investment in capital assets | <u>\$ 20,222,269</u> |

*Restricted* is the portion of net position that has constraints in place on its use which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* is the portion of net position that does not meet the definition of either *net investment in capital assets* or *restricted*.

**Fund Balance Components**

Fund balances in the governmental funds Balance Sheet is required to be classified into five components. Classifications are hierarchical and are based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The components of fund balance are:

*Nonspendable* is the portion of fund balance that represents amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

*Restricted* is the portion of fund balance that has externally enforceable legal restrictions.

*Committed* is the portion of fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner.

*Assigned* is the portion of fund balance constrained by the town’s ‘intent’ to be used for specific purposes, but are neither restricted nor committed. The Select Board and the Town Manager have the authority to assign amounts to be used for specific purposes.

## **Note 1          Summary of Significant Accounting Policies (Continued)**

### **Fund Balance Components (Continued)**

*Unassigned* is the portion of fund balance that is available for any purpose. Only the General Fund may carry a positive unassigned fund balance.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances, assigned fund balances and lastly, unassigned fund balances, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

### **Revenue Recognition**

As described previously, the government-wide financial statements are reported on the accrual basis of accounting. Under this method, revenue is recognized in the period earned, regardless of the timing of cash flows. Property taxes and special assessments are recognized in the fiscal year for which they are certified for levy; penalties are recognized in the period assessed; interest is recognized in the period earned. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met. Charges for services and other exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental fund financial statements are reported on the modified accrual basis of accounting. Under this method, revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes, special assessments, intergovernmental revenue, penalties, interest, and charges for services are susceptible to accrual, given the measurable and available requirement. Excise taxes, licenses, permits, fees, and miscellaneous revenue are not susceptible to accrual because they are not measurable until collected. Such revenue is recorded only when received.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance.

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).

### **Unearned Revenue**

Resources received in advance are recorded as unearned revenues. Unearned revenues arise when resources are received by the Town before it has a legal claim to them. In subsequent periods, when both the measurable and available criteria are met, or when the Town has legal claim to the resources, the liability for unearned revenue is reduced and revenue is recognized.

### **Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

**Note 2 Cash****Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover the value of its deposits or investments that are in the possession of an outside party.

The Town's policy is that deposits and investment of funds can only be made in financial institutions that are insured by the FDIC or the FSLIC. Any funds deposited or invested above the \$250,000 insurance limit must be collateralized by the financial institution, or the excess funds must be placed with other financial institutions. As of June 30, 2018, of the Town's \$2,048,267 in bank deposits, \$500,000 was insured by the FDIC and the remaining \$1,548,267 was uninsured.

**Note 3 Investments**

At June 30, 2018, the Town had the following investments and maturities:

| Investment Type            | Fair Value        | Not Applicable    | Maturities        |             |
|----------------------------|-------------------|-------------------|-------------------|-------------|
|                            |                   |                   | < 1 Year          | 1-5 Years   |
| Certificate of Deposits    | 124,013           | -                 | 124,013           | -           |
| Mutual Funds               | 252,175           | 252,175           | -                 | -           |
| Exchange Traded Securities | 8,733             | 8,733             | -                 | -           |
| Totals                     | <u>\$ 384,921</u> | <u>\$ 260,908</u> | <u>\$ 124,013</u> | <u>\$ -</u> |

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value on an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuation in interest rates.

**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities and Federal agency securities) that represent 5% or more of total investments are as follow:

|                           | % of Total | Fair Value |
|---------------------------|------------|------------|
| Oppenheimer Core          | 5.07%      | \$ 19,527  |
| Virtus Seix Floating Rate | 5.66%      | \$ 21,791  |

**Custodial Credit Risk**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will no 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.

The Town's investments in U.S. Government and agencies are subject to custodial credit risk exposure because the related securities are uninsured, unregistered and/or held by the Town's brokerage firm, which is also the counterparty to these securities.

### Note 3 Investments (continued)

#### 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 and various insured certificates of deposit. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income.

#### Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*.

The Town has the following fair value measurements as of June 30, 2018.

| Investments by Fair Value Level | Total      | Fair Value Measurements Using  |   |  |
|---------------------------------|------------|--|---|--|
|                                 |            | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets (Level I) | Significant<br>Other<br>Observable<br>Inputs (Level II) | Significant<br>Unobservable<br>Inputs (Level<br>III) |
| Mutual Funds                    | \$ 252,175 | \$ 252,175   | \$ -  | \$ -   |
| Exchange Traded Securities      | 8,733      | 8,733  | -   | -  |
| Totals                          | \$ 260,908 | \$ 260,908   | \$ -  | \$ -   |

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments. Certificates of deposit held with local financial institutions for \$124,013 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

### Note 4 Property Tax

The Town's property taxes for the July 1, 2017 to June 30, 2018 fiscal year were committed on August 25, 2017. Taxes are due semi-annually on September 30, 2017 and February 28, 2018. Unpaid taxes are charged interest of 7% per annum. The real estate and taxable personal property assessed value upon which the levy for the year ended June 30, 2018 was based amounted to \$235,596,273.

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 \$16,149 for the year ended June 30, 2018. Property taxes levied are recorded as receivables at the time the levy is made.

**Note 4 Property Tax (continued)**

For both government-wide financial statements and the General Fund’s financial statements, property taxes levied for the fiscal year are recorded as receivables at the time the levy is made. In the General Fund’s financial statements, however, outstanding taxes receivable that are estimated to be collected after sixty (60) days after the end of the fiscal year recorded as unavailable property taxes (under the *deferred inflows of resources* financial statement element) and the year-over-year changes in this account are netted with tax revenues.

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. Property acquired by foreclosure for non-payment of taxes is recorded at the amount of expired tax liens plus the costs involved in foreclosure. Liens and any current taxes on the same parcel are not included as part of the tax acquired property account until the expiration of statutory time limits.

The following summarizes the tax levy for fiscal year 2018:

|                                     |                     |
|-------------------------------------|---------------------|
| Real estate valuation               | \$ 233,406,854      |
| Personal property valuation         | <u>2,189,419.00</u> |
| Total valuation                     | 235,596,273         |
| Mil rate (per \$1,000 of valuation) | 19.29               |
| Tax commitment                      | <u>\$ 4,544,652</u> |

Collection of 2018 taxes levied is as follows:

|   |                     |
|---|---------------------|
| Original tax commitment                   | \$ 4,544,652        |
| Supplemental taxes                        | <u>1,989</u>        |
| Total tax commitment                      | 4,546,641           |
| Less:                                     |                     |
| Abatements of current year taxes          | 14,440              |
| Current year taxes receivable at year end | <u>251,331</u>      |
| Current year tax collections              | <u>\$ 4,280,870</u> |
| Collection rate of current year taxes     | 94.2%               |

**Note 5 Interfund Accounts and Transactions**

**Interfund Receivables and Payables**

Individual interfund receivable and payable balances at June 30, 2018 are as follows:

|                      | Due from<br><u>Other Funds</u> | Due To Other<br><u>Funds</u> |
|----------------------|--------------------------------|------------------------------|
| General Fund         | \$ 181                         | \$ 8,416                     |
| Trust Fund           | 3,649                          | 181                          |
| Special Revenue Fund | <u>4,767</u>                   | <u>-</u>                     |
| Totals               | <u>\$ 8,597</u>                | <u>\$ 8,597</u>              |

**Note 5 Interfund Accounts and Transactions (continued)**

The interfund receivables and payables represent revenues received in and expenditures made out of a centralized checking account maintained in the general fund. The general fund's *due to other funds* balance represents the amount in the centralized checking account that belongs to other funds and is not available for general fund purposes.

**Note 6 Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2018 was:

|   | Beginning<br>Balance | Additions           | Retirements | Ending<br>Balance    |
|---|----------------------|---------------------|-------------|----------------------|
| Non-depreciable Capital Assets            |                      |                     |             |                      |
| Land                                      | \$ 2,865,844         | \$ -                | \$ -        | \$ 2,865,844         |
| Depreciable Capital Assets                |                      |                     |             |                      |
| Buildings and Improvements                | 1,021,793            | -                   | -           | 1,021,793            |
| Machinery, equipment and vehicles         | 1,482,389            | 30,183              | -           | 1,512,572            |
| Infrastructure                            | <u>24,971,311</u>    | <u>-</u>            | <u>-</u>    | <u>24,971,311</u>    |
| Total capital assets                      | 30,341,337           | 30,183              | -           | 30,371,520           |
| Less: Accumulated Depreciation            |                      |                     |             |                      |
| Buildings and Improvements                | 785,721              | 38,510              | -           | 824,231              |
| Machinery, equipment and vehicles         | 914,948              | 49,724              | -           | 964,672              |
| Infrastructure                            | <u>7,075,889</u>     | <u>499,425</u>      | <u>-</u>    | <u>7,575,314</u>     |
| Total accumulated depreciation            | <u>8,776,558</u>     | <u>587,659</u>      | <u>-</u>    | <u>9,364,217</u>     |
| Total capital assets, net of depreciation | <u>\$ 21,564,779</u> | <u>\$ (557,476)</u> | <u>\$ -</u> | <u>\$ 21,007,303</u> |

Depreciation expense, reported only in the government-wide financial statements, was charged to governmental functions as follows:

|                                  |                   |
|----------------------------------|-------------------|
| General Government               | \$ 21,639         |
| Recreation, parks and activities | 4,559             |
| Protection                       | 49,212            |
| Roads and drainage               | 505,062           |
| Solid waste                      | <u>7,187</u>      |
| Total depreciation expense       | <u>\$ 587,659</u> |

**Note 7 Long-Term Debt**

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2018:

|                       | <u>Beginning<br/>Balance</u> | <u>Principal<br/>Payment</u> | <u>Ending Balance</u> | <u>Due Within<br/>One Year</u> |
|-----------------------|------------------------------|------------------------------|-----------------------|--------------------------------|
| Bonds Payable         | \$ 1,072,015                 | \$ (299,749)                 | \$ 772,266            | 304,131                        |
| Capital Lease Payable | <u>18,047</u>                | <u>(18,047)</u>              | -                     | -                              |
| Total long-term debt  | <u>\$ 1,090,062</u>          | <u>\$ (317,796)</u>          | <u>\$ 772,266</u>     | <u>\$ 304,131</u>              |

On the modified accrual basis, total long-term interest expenditure from the General Fund for the year ended June 30, 2018 was \$28,726. On the accrual basis, interest expense of governmental activities includes changes in accrued interest liabilities; total interest expense on long-term debt for the year ended June 30, 2018 was \$41,494.

The annual requirement to amortize debt outstanding as of June 30, 2018 is as follows:

|                          | <u>Principal</u>  | <u>Interest</u>  | <u>Payment</u>    |
|--------------------------|-------------------|------------------|-------------------|
| Fiscal Year 2019         | \$ 304,131        | \$ 17,339        | \$ 321,470        |
| Fiscal Year 2020         | 156,408           | 8,291            | 164,699           |
| Fiscal Year 2021         | 155,727           | 5,264            | 160,991           |
| Fiscal Year 2022         | 52,000            | 2,132            | 54,132            |
| Fiscal Year 2023         | 52,000            | 1,323            | 53,323            |
| Fiscal Years 2024 - 2028 | <u>52,000</u>     | <u>452</u>       | <u>52,452</u>     |
| Totals                   | <u>\$ 772,266</u> | <u>\$ 34,801</u> | <u>\$ 807,067</u> |

All bonds payable are direct obligations of the Town. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town. The General Fund of the Town is used to pay for all long-term debt.

The Town's lease obligations consisted of a capital lease payable to Androscoggin Bank for a Public Works Truck, due in annual principal and interest installments of \$18,446 through May of 2018. Interest is charged at a rate of 2.21% per annum. The leased asset is included in the general capital assets of governmental activities and is amortized through depreciation expense. Interest paid on lease obligations during the year totaled \$399. The capital lease payable was paid in full in May 2018. The Town did not enter into any new lease obligations.

**Note 7 Long-Term Debt (continued)**

General long-term debt details and outstanding balances are as follows:

|   |                   |
|---|-------------------|
| 2013 General Obligation Bond, dated July 24, 2013; annual principal and interest payment due in July of \$109,116.65. Interest rate of 2.230% per annum, calculated on an actual 365-day year. Final installment due July 2020. Authorized and issued \$700,000.  | \$ 310,266        |
| 2008 General Obligation Bond, dated August 1, 2008; annual principal payment due in August in the amount of \$150,000. Interest rate of 4.11% per annum is calculated on a 30/360 day year. Final installment due August 2018. Authorized and issued \$1,500,000. | 150,000           |
| 2016 General Obligation Bond, dated October 6, 2016; annual principal payment due November of \$52,000. Semi-annual interest payable in November and May; interest rate of 2.23% per annum. Final installment due November 2024. Authorized and issued \$364,000. | <u>312,000</u>    |
| Total Outstanding Long-term Debt  | <u>\$ 772,266</u> |

**Note 8 Overlapping Debt**

The Town's proportionate share of RSU#38's bonded debt is not reported in the Town's financial statements. Debt service is included in the annual school assessments to the Town. The Town's share is 27.77% (\$695,782) of RSU#38's outstanding bonded debt of \$2,505,487.

**Note 9 Contingent Liability****Litigation**

The Town is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the Town has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial positions of the Town.

**State and Federal Grants**

The Town participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**Note 10 Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a \$1,000 per occurrence deductible is met. Under the general liability portion of the policy, the limit is \$400,000 per occurrence for causes of action pursuant to the Maine Torts Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived and \$2,000,000 per occurrence for causes of action pursuant to federal law or state law for which immunity is not proved by the Maine Tort Claims Act. The same limit applies for Law Enforcement after a \$1,000 per occurrence deductible is met. For public official liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

Based on coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2018. There were no significant reductions in insurance coverage from that of the prior year and amount of settlements have not exceeded insurance coverage in the past three years.

**Note 11 Outside Compensation Funds**

The Town maintains a worker's compensation fund and an unemployment compensation fund as part of a pool with Maine Municipal Association (MMA). Contributions are made by the Town during the year and are invested by MMA to administer workers' compensation and unemployment benefits for the Town, if any. The Town has a positive experience, that is, contributions and income exceed payment of benefits. These plans do not allow for retroactive premium adjustment by the pool and the pool retains the risk of loss. Therefore, these amounts are not part of the Town's financial statements.

**Note 12 Deferred Compensation Plan**

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan is available to Town employees, Town management and professional level employees; it permits them to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation plan is not available to employees until termination, retirement, death, or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries. Employees may opt to use a different plan with similar terms.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

The contribution requirements of plan members and the Town are established and may be amended by the Town's Select Board. For professional employees that choose to participate in the 457 plan alone, the Town will contribute an amount equal to the required employer contribution for the defined benefit plan up to 10.00% of an employee's annual salary. For the Town's non-professional employees, the Town will contribute an amount equal to 5%, 8%, or 10% of their annual salary depending on years of service. Employees may contribute additional amounts of their own choosing.

**Note 12 Deferred Compensation Plan (continued)**

Assets of the plan are placed in trusts for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred, including earnings on plan assets, are not included in the Town's financial statements.

**Note 13 Components of the General Fund's Fund Balance**

The General Fund's unassigned fund balance as of June 30, 2018 is \$1,103,560.

|                           | <u>Nonspendable</u>      | <u>Restricted</u>        | <u>Assigned</u>        | <u>Committed</u>         |
|---------------------------|--------------------------|--------------------------|------------------------|--------------------------|
| Admin technology          | \$ -                     | \$ -                     | \$ -                   | \$ 3,730                 |
| Age friendly              | -                        | -                        | -                      | 2,622                    |
| Alice Couture             | 20,000                   | 15,543                   | -                      | -                        |
| Backhoe                   | -                        | -                        | -                      | 30,260                   |
| Ballfield                 | -                        | -                        | -                      | 3,004                    |
| Beach                     | -                        | 21,397                   | -                      | 8,125                    |
| Beach Improvement         | 16,915                   | -                        | -                      | -                        |
| Beach tractor replacement | -                        | -                        | 2,400                  | -                        |
| Beach equipment           | -                        | -                        | 6                      | -                        |
| Cemeteries                | 81,750                   | 59,383                   | -                      | 5,307                    |
| Cemeteries - living fence | -                        | -                        | -                      | 14                       |
| Cemetery capital          | -                        | -                        | -                      | 12,900                   |
| Cemetery expansion        | -                        | 20,117                   | -                      | -                        |
| Dispatching               | -                        | -                        | -                      | 5,525                    |
| Dog vaccination fund      | -                        | -                        | -                      | 390                      |
| Enterprise fund           | -                        | -                        | -                      | 54,288                   |
| FD annual physicals       | -                        | -                        | -                      | 4,792                    |
| FD equipment              | -                        | -                        | -                      | 49,572                   |
| Fire PPG replacement      | -                        | -                        | -                      | 5,984                    |
| Fire tower sites          | -                        | -                        | -                      | (12,335)                 |
| Fire station addition     | -                        | -                        | -                      | 35,522                   |
| Fire station improvement  | -                        | -                        | -                      | 9,205                    |
| Forestry                  | -                        | -                        | -                      | 697                      |
| Gile hall                 | -                        | -                        | -                      | 24,836                   |
| Grant writing             | -                        | -                        | -                      | 10,792                   |
| Governor Huntoon          | 339                      | 5,393                    | -                      | -                        |
| Heating assistance        | -                        | -                        | -                      | 3,087                    |
| Heritage days             | -                        | -                        | -                      | 6,552                    |
| Kents Hill                | 4,910                    | 13,769                   | -                      | -                        |
| Kesner                    | 300                      | 570                      | -                      | -                        |
| Kolreg                    | 500                      | 2,000                    | -                      | -                        |
| Library operations        | -                        | -                        | -                      | 6,739                    |
| Library improvements      | -                        | -                        | -                      | 1,122                    |
| Lincoln-Morse             | 500                      | 1,933                    | -                      | -                        |
| Maranacook dam            | -                        | -                        | -                      | 120,363                  |
| Mill stream bridge        | -                        | -                        | -                      | 369                      |
| Mill stream dam           | -                        | -                        | -                      | 5,818                    |
| Minnie Walker             | 600                      | 1,894                    | -                      | -                        |
| Open space                | -                        | -                        | -                      | 6,815                    |
| Capital equipment         | -                        | -                        | -                      | 25,000                   |
| Reafield corner sewage    | -                        | -                        | 1,705                  | -                        |
| Recreation                | -                        | -                        | -                      | 19,577                   |
| Revaluation               | -                        | -                        | -                      | 85,000                   |
| Road and bridge bond      | -                        | -                        | -                      | 5,830                    |
| Road bond 13-14           | -                        | -                        | -                      | 454                      |
| Sidewalk capital          | -                        | -                        | -                      | 45,000                   |
| Roads capital             | -                        | -                        | -                      | 15,000                   |
| Snowmobiling              | -                        | -                        | -                      | 1,379                    |
| Summer roads              | -                        | -                        | -                      | 175,075                  |
| Conservation land         | -                        | -                        | -                      | 28,414                   |
| Townsend                  | 1,738                    | 1,258                    | -                      | -                        |
| Town boundary lines       | -                        | -                        | 656                    | -                        |
| Trails                    | -                        | 25                       | -                      | 1,993                    |
| Transfer station ops      | -                        | -                        | -                      | 2,195                    |
| Transfer station cap      | -                        | -                        | -                      | 79,510                   |
| War Memorial              | 2,156                    | 1,573                    | -                      | -                        |
| Water holes               | -                        | -                        | -                      | 4,282                    |
| Whittier                  | 500                      | 3,489                    | -                      | -                        |
|                           | <u>500</u>               | <u>3,489</u>             | <u>-</u>               | <u>-</u>                 |
| <b>Total</b>              | <b><u>\$ 130,208</u></b> | <b><u>\$ 148,344</u></b> | <b><u>\$ 4,767</u></b> | <b><u>\$ 894,804</u></b> |

**Note 14      Restatement**

During 2018, the beginning balances for the Fund Balance and the Net Position for the Government-wide financial statements were restated to conform to current year presentation.

**Note 15      Subsequent Events**

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through March 13, 2019, the date the financial statements were available to be issued.

**Budgetary Comparison Schedule**

Schedule 1

**General Fund ▪ Budgetary Basis**

For the Year Ended June 30, 2018

|                                    | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|------------------------------------|--------------------|------------------|------------------|------------------------------------|
| <b>Revenues</b>                    |                    |                  |                  |                                    |
| <b>Taxes</b>                       |                    |                  |                  |                                    |
| Property taxes                     | \$ 4,544,652       | \$ 4,544,652     | \$ 4,519,917     | \$ (24,735)                        |
| Motor vehicle excises taxes        | 460,000            | 460,000          | 541,599          | 81,599                             |
| Boat excise taxes                  | 7,500              | 7,500            | 7,798            | 298                                |
|                                    | <u>5,012,152</u>   | <u>5,012,152</u> | <u>5,069,314</u> | <u>57,162</u>                      |
| <b>Intergovernmental</b>           |                    |                  |                  |                                    |
| State revenue sharing              | 135,000            | 135,000          | 137,773          | 2,773                              |
| Homestead exemption                | 145,330            | 145,330          | 138,363          | (6,967)                            |
| Local road assistance              | 35,000             | 35,000           | 35,924           | 924                                |
| Tree growth reimbursement          | 9,800              | 9,800            | 9,358            | (442)                              |
| BETE reimbursement                 | 8,436              | 8,436            | 8,474            | 38                                 |
| Veterans exemption                 | 3,200              | 3,200            | 3,909            | 709                                |
| General assistance                 | 2,325              | 2,325            | 1,316            | (1,009)                            |
| Snowmobile fees                    | 940                | 940              | 1,377            | 437                                |
|                                    | <u>340,031</u>     | <u>340,031</u>   | <u>336,494</u>   | <u>(3,537)</u>                     |
| <b>Licenses, permits, and fees</b> |                    |                  |                  |                                    |
| General permits and fees           | 21,800             | 21,800           | 23,589           | 1,789                              |
| Animal control fees                | 1,500              | 1,500            | 2,837            | 1,337                              |
|                                    | <u>23,300</u>      | <u>23,300</u>    | <u>26,426</u>    | <u>3,126</u>                       |
| <b>Charges for Services</b>        |                    |                  |                  |                                    |
| Transfer station                   | 192,611            | 192,611          | 214,492          | 21,881                             |
| Cable tv franchise fees            | 26,000             | 26,000           | 28,391           | 2,391                              |
| Tower site                         | 25,000             | 25,000           | 17,200           | (7,800)                            |
| Recreation                         | 21,782             | 21,782           | 20,367           | (1,415)                            |
| Miscellaneous charges              | 1,800              | 1,800            | 2,516            | 716                                |
|                                    | <u>267,193</u>     | <u>267,193</u>   | <u>282,966</u>   | <u>15,773</u>                      |
| <b>Other Revenue</b>               |                    |                  |                  |                                    |
| Interest on taxes                  | 20,000             | 20,000           | 34,139           | 14,139                             |
| Interest on investments            | 3,000              | 3,000            | 7,948            | 4,948                              |
| Contributions                      | 1,030              | 1,030            | 2,599            | 1,569                              |
| Miscellaneous                      | 21,500             | 21,500           | 20,088           | (1,412)                            |
| Proceeds - foreclosed property     | -                  | -                | 55,385           | 55,385                             |
|                                    | <u>45,530</u>      | <u>45,530</u>    | <u>120,159</u>   | <u>74,629</u>                      |
| <b>Total Revenues</b>              | 5,688,206          | 5,688,206        | 5,835,359        | 147,153                            |

**Budgetary Comparison Schedule**

Schedule 1 (Continued)

General Fund ▪ Budgetary Basis

For the Year Ended June 30, 2018

|                                   | Original<br>Budget | Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|-----------------|----------------|------------------------------------|
| <b>Expenditures</b>               |                    |                 |                |                                    |
| General Government                |                    |                 |                |                                    |
| Administration                    | \$ 259,945         | \$ 259,945      | \$ 233,405     | \$ 26,540                          |
| Insurance                         | 128,130            | 128,130         | 116,750        | 11,380                             |
| Office equipment                  | 3,350              | 3,350           | 6,037          | (2,687)                            |
| Assessing                         | 24,655             | 24,655          | 26,743         | (2,088)                            |
| CEO/LPI/BI                        | 36,505             | 36,505          | 40,156         | (3,651)                            |
| Grant writing                     | 4,000              | 4,000           | -              | 4,000                              |
| Heating assistance                | 1,500              | 1,500           | 370            | 1,130                              |
|                                   | <u>458,085</u>     | <u>458,085</u>  | <u>423,461</u> | <u>34,624</u>                      |
| Municipal Maintenance             |                    |                 |                |                                    |
| General maintenance               | 83,825             | 83,825          | 73,078         | 10,747                             |
| Building maintenance              | 29,470             | 29,470          | 29,493         | (23)                               |
| Vehicles maintenance              | 46,600             | 46,600          | 41,465         | 5,135                              |
| Interlocal work                   | 10,000             | 10,000          | -              | 10,000                             |
|                                   | <u>169,895</u>     | <u>169,895</u>  | <u>144,036</u> | <u>25,859</u>                      |
| Boards and Commissions            |                    |                 |                |                                    |
| Appeals board                     | 100                | 100             | 55             | 45                                 |
| Conservation commission           | 7,750              | 7,750           | 669            | 7,081                              |
| Planning board                    | 1,450              | 1,450           | 524            | 926                                |
|                                   | <u>9,300</u>       | <u>9,300</u>    | <u>1,248</u>   | <u>8,052</u>                       |
| Community Services                |                    |                 |                |                                    |
| Age friendly initiatives          | 2,000              | 2,000           | 219            | 1,781                              |
| Animal control                    | 11,420             | 11,420          | 11,458         | (38)                               |
| Kennebec land trust               | 250                | 250             | -              | 250                                |
| KVCOG                             | 4,295              | 4,295           | 4,295          | -                                  |
| Library services                  | 26,090             | 26,090          | 29,491         | (3,401)                            |
| Readfield television              | 6,830              | 6,830           | 5,638          | 1,192                              |
| Street lights                     | 6,000              | 6,000           | 5,820          | 180                                |
| Maranacook lake dam               | 250                | 250             | -              | 250                                |
|                                   | <u>57,135</u>      | <u>57,135</u>   | <u>56,921</u>  | <u>214</u>                         |
| Recreation, Parks, and Activities |                    |                 |                |                                    |
| Beach                             | 9,142              | 9,142           | 10,065         | (923)                              |
| Recreation                        | 10,561             | 10,561          | 12,770         | (2,209)                            |
| Trails                            | 2,483              | 2,483           | 846            | 1,637                              |
| Heritage days                     | 10,000             | 10,000          | 8,091          | 1,909                              |
| Millstream dam project            | 8,300              | 8,300           | 403            | 7,897                              |
|                                   | <u>40,486</u>      | <u>40,486</u>   | <u>32,175</u>  | <u>8,311</u>                       |

**Budgetary Comparison Schedule**

Schedule 1 (Continued)

General Fund ▪ Budgetary Basis

For the Year Ended June 30, 2018

|                                 | Original<br>Budget | Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
|---------------------------------|--------------------|-----------------|----------------|------------------------------------|
| <b>Expenditures (Continued)</b> |                    |                 |                |                                    |
| Protection Department           |                    |                 |                |                                    |
| Fire department operations      | \$ 87,650          | \$ 87,650       | \$ 70,378      | \$ 17,272                          |
| Fire department equipment       | 8,000              | 8,000           | -              | 8,000                              |
| Ambulance service               | 25,400             | 25,400          | 24,032         | 1,368                              |
| Waterholes                      | 500                | 500             | -              | 500                                |
| Tower sites                     | 27,000             | 27,000          | 38,179         | (11,179)                           |
| Dispatching                     | 30,200             | 30,200          | 26,018         | 4,182                              |
| Annual physicals                | 125                | 125             | -              | 125                                |
| Personal protective gear        | <u>2,000</u>       | <u>2,000</u>    | <u>-</u>       | <u>2,000</u>                       |
|                                 | 180,875            | 180,875         | 158,607        | 22,268                             |
| Cemetery Materials and Services |                    |                 |                |                                    |
| Town cemeteries                 | 16,050             | 16,050          | 11,278         | 4,772                              |
| Roads and Drainage              |                    |                 |                |                                    |
| Summer road maintenance         | 117,500            | 117,500         | 34,749         | 82,751                             |
| Winter road maintenance         | <u>256,450</u>     | <u>256,450</u>  | <u>253,466</u> | <u>2,984</u>                       |
|                                 | 373,950            | 373,950         | 288,215        | 85,735                             |
| Capital Improvements            |                    |                 |                |                                    |
| Roads                           | 60,000             | 60,000          | -              | 60,000                             |
| Equipment                       | 5,000              | 5,000           | -              | 5,000                              |
| Gile hall                       | 24,000             | 24,000          | -              | 24,000                             |
| Parks and recreation            | 7,762              | 7,762           | 4,766          | 2,996                              |
| Transfer station                | 39,050             | 39,050          | 3,500          | 35,550                             |
| Maranacook lake dam             | <u>125,000</u>     | <u>125,000</u>  | <u>4,638</u>   | <u>120,362</u>                     |
|                                 | 260,812            | 260,812         | 12,904         | 247,908                            |
| Solid Waste Department          |                    |                 |                |                                    |
| Transfer station                | 277,376            | 277,376         | 294,339        | (16,963)                           |
| Backhoe operation               | <u>5,200</u>       | <u>5,200</u>    | <u>12,012</u>  | <u>(6,812)</u>                     |
|                                 | 282,576            | 282,576         | 306,351        | (23,775)                           |
| Regional Assessments            |                    |                 |                |                                    |
| Cobossee watershed              | 22,000             | 22,000          | 21,436         | 564                                |
| Kennebec county tax             | 270,000            | 270,000         | 259,977        | 10,023                             |
| First park                      | <u>25,600</u>      | <u>25,600</u>   | <u>24,449</u>  | <u>1,151</u>                       |
|                                 | 317,600            | 317,600         | 305,862        | 11,738                             |

**Budgetary Comparison Schedule**

Schedule 1 (Continued)

**General Fund - Budgetary Basis**

For the Year Ended June 30, 2018

|                                       | Original<br>Budget  | Final<br>Budget     | Actual            | Variance<br>Positive<br>(Negative) |
|---------------------------------------|---------------------|---------------------|-------------------|------------------------------------|
| <b>Expenditures (Continued)</b>       |                     |                     |                   |                                    |
| Debt Service                          |                     |                     |                   |                                    |
| 2015 fire truck bond / lease          | \$ 56,857           | \$ 56,857           | \$ 56,857         | \$ -                               |
| 2013 road and bridge bond             | 109,117             | 109,117             | 109,117           | -                                  |
| 2008 road and bridge bond             | <u>162,850</u>      | <u>162,850</u>      | <u>162,501</u>    | <u>349</u>                         |
|                                       | 328,824             | 328,824             | 328,475           | 349                                |
| Education                             |                     |                     |                   |                                    |
| RSU # 38                              | 3,527,596           | 3,527,596           | 3,527,596         | -                                  |
| Other Expenditures                    |                     |                     |                   |                                    |
| Snowmobile club                       | 940                 | 940                 | 940               | -                                  |
| Non-profit agencies                   | 10,832              | 10,832              | 9,857             | 975                                |
| Readfield enterprise fund             | 10,000              | 10,000              | -                 | 10,000                             |
| General assistance                    | 4,650               | 4,650               | 1,880             | 2,770                              |
| Contingency                           | 25,000              | 25,000              | -                 | 25,000                             |
| Abatements and overlay                | <u>16,149</u>       | <u>16,149</u>       | <u>14,440</u>     | <u>1,709</u>                       |
|                                       | <u>67,571</u>       | <u>67,571</u>       | <u>27,117</u>     | <u>40,454</u>                      |
| <b>Total Expenditures</b>             | <u>6,090,755</u>    | <u>6,090,755</u>    | <u>5,624,246</u>  | <u>466,509</u>                     |
| <b>Net Change in Fund Balance</b>     | <u>\$ (402,549)</u> | <u>\$ (402,549)</u> | <u>\$ 211,113</u> | <u>\$ 613,662</u>                  |
| <b>Change in Fund Balance Summary</b> |                     |                     |                   |                                    |
| Committed fund bal additions          | \$ 10,000           | \$ 10,000           | \$ -              |                                    |
| Committed fund bal reductions         | (194,818)           | (194,818)           | -                 |                                    |
| Unassigned fund bal additions         | -                   | -                   | -                 |                                    |
| Unassigned fund bal reductions        | <u>(217,731)</u>    | <u>(217,731)</u>    | <u>-</u>          |                                    |
|                                       | <u>\$ (402,549)</u> | <u>\$ (402,549)</u> | <u>\$ -</u>       |                                    |

**Note 1 Budgetary Accounting**

On an annual basis, the Town adopts an appropriated budget for the General Fund. Formal budgetary integration is employed as a management control device. The budget is prepared on budgetary basis of accounting that differs from the modified accrual basis of accounting used to prepare financial statements of the General Fund.

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
 As of June 30, 2018

Schedule 2

|                       | <u>Town<br/>Boundary<br/>Line</u> | <u>Readfield<br/>Corner<br/>Sewage</u> | <u>Beach<br/>Tractor<br/>Replacement</u> | <u>Beach<br/>Equipment</u> | <u>Total</u>    |
|-----------------------|-----------------------------------|--|--|----------------------------|-----------------|
| <b>Assets</b>         |                                   |  |  |                            |                 |
| Due from other assets | <u>\$ 656</u>                     | <u>\$ 1,705</u>                        | <u>\$ 2,400</u>                          | <u>\$ 6</u>                | <u>\$ 4,767</u> |
| <b>Fund Balance</b>   |                                   |  |  |                            |                 |
| Assigned              | <u>\$ 656</u>                     | <u>\$ 1,705</u>                        | <u>\$ 2,400</u>                          | <u>\$ 6</u>                | <u>\$ 4,767</u> |

**Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances**  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2018

Schedule 3

|                                   | Town<br>Boundary<br>Line | Readfield<br>Corner<br>Sewage | Beach<br>Tractor<br>Replacement | Beach<br>Equipment | Total           |
|-----------------------------------|--------------------------|-------------------------------|---------------------------------|--------------------|-----------------|
| <b>Revenues</b>                   | \$ -                     | \$ -                          | \$ -                            | \$ -               | \$ -            |
| <b>Expenditures</b>               | -                        | -                             | -                               | -                  | -               |
| <b>Net Change in Fund Balance</b> | -                        | -                             | -                               | -                  | -               |
| <b>Beginning Fund Balance</b>     | <u>656</u>               | <u>1,705</u>                  | <u>2,400</u>                    | <u>6</u>           | <u>4,767</u>    |
| <b>Ending Fund Balance</b>        | <u>\$ 656</u>            | <u>\$ 1,705</u>               | <u>\$ 2,400</u>                 | <u>\$ 6</u>        | <u>\$ 4,767</u> |

**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
 As of June 30, 2018

Schedule 4

|  | Cemetery Funds            |                  |                    |                               |                |
|--|---------------------------|------------------|--------------------|-------------------------------|----------------|
|  | Perpetual<br>Care<br>Fund | Whittier<br>Fund | Kents Hill<br>Fund | Cemetery<br>Expansion<br>Fund | Kesner<br>Fund |
| <b>Assets</b>                              |                           |                  |                    |                               |                |
| Cash and cash equivalents                  | \$ 7,203                  | \$ 174           | \$ 963             | \$ 963                        | \$ 47          |
| Investments                                | 132,567                   | 3,210            | 17,715             | 17,715                        | 861            |
| Due from other funds                       | <u>1,363</u>              | <u>605</u>       | <u>1</u>           | <u>1,438</u>                  | <u>-</u>       |
| <b>Total Assets</b>                        | <u>\$ 141,133</u>         | <u>\$ 3,989</u>  | <u>\$ 18,679</u>   | <u>\$ 20,116</u>              | <u>\$ 908</u>  |
| <b>Liabilities</b>                         |                           |                  |                    |                               |                |
| Due to other funds                         | \$ -                      | \$ -             | \$ -               | \$ -                          | \$ 38          |
| <b>Fund Balances</b>                       |                           |                  |                    |                               |                |
| Nonspendable - principal                   | 81,750                    | 500              | 4,910              | -                             | 300            |
| Restricted                                 | <u>59,383</u>             | <u>3,489</u>     | <u>13,769</u>      | <u>20,116</u>                 | <u>570</u>     |
| Total fund balances                        | <u>141,133</u>            | <u>3,989</u>     | <u>18,679</u>      | <u>20,116</u>                 | <u>870</u>     |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 141,133</u>         | <u>\$ 3,989</u>  | <u>\$ 18,679</u>   | <u>\$ 20,116</u>              | <u>\$ 908</u>  |

**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
As of June 30, 2018

Schedule 4 (Continued)

|  | Cemetery Funds  |                 |                 |                  |                  |
|--|-----------------|-----------------|-----------------|------------------|------------------|
|  | Kolreg<br>Fund  | Lincoln<br>Fund | Walker<br>Fund  | Townsend<br>Fund | Couture<br>Fund  |
| <b>Assets</b>                              |                 |                 |                 |                  |                  |
| Cash and cash equivalents                  | \$ 132          | \$ 125          | \$ 132          | \$ 155           | \$ 1,832         |
| Investments                                | 2,426           | 2,296           | 2,426           | 2,844            | 33,709           |
| Due from other funds                       | <u>-</u>        | <u>12</u>       | <u>-</u>        | <u>-</u>         | <u>2</u>         |
| <b>Total Assets</b>                        | <u>\$ 2,558</u> | <u>\$ 2,433</u> | <u>\$ 2,558</u> | <u>\$ 2,999</u>  | <u>\$ 35,543</u> |
| <b>Liabilities</b>                         |                 |                 |                 |                  |                  |
| Due to other funds                         | \$ 59           | \$ -            | \$ 64           | \$ 2             | \$ -             |
| <b>Fund Balances</b>                       |                 |                 |                 |                  |                  |
| Nonspendable - principal                   | 500             | 500             | 600             | 1,738            | 20,000           |
| Restricted                                 | <u>1,999</u>    | <u>1,933</u>    | <u>1,894</u>    | <u>1,259</u>     | <u>15,543</u>    |
| Total fund balances                        | <u>2,499</u>    | <u>2,433</u>    | <u>2,494</u>    | <u>2,997</u>     | <u>35,543</u>    |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 2,558</u> | <u>\$ 2,433</u> | <u>\$ 2,558</u> | <u>\$ 2,999</u>  | <u>\$ 35,543</u> |

**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
As of June 30, 2018

Schedule 4 (Continued)

|  | Other Permanent Funds   |                              |                |                             | Total             |
|--|-------------------------|------------------------------|----------------|-----------------------------|-------------------|
|  | War<br>Memorial<br>Fund | Beach<br>Improvement<br>Fund | Trails<br>Fund | Governor<br>Huntoon<br>Fund |                   |
| <b>Assets</b>                              |                         |                              |                |                             |                   |
| Cash and cash equivalents                  | \$ 193                  | \$ 1,975                     | \$ -           | \$ 282                      | 14,176            |
| Investments                                | 3,548                   | 36,344                       | -              | 5,247                       | 260,908           |
| Due from other funds                       | -                       | -                            | 25             | 203                         | 3,649             |
| <b>Total Assets</b>                        | <u>\$ 3,741</u>         | <u>\$ 38,319</u>             | <u>\$ 25</u>   | <u>\$ 5,732</u>             | <u>\$ 278,733</u> |
| <b>Liabilities</b>                         |                         |                              |                |                             |                   |
| Due to other funds                         | \$ 11                   | \$ 7                         | \$ -           | \$ -                        | 181               |
| <b>Fund Balances</b>                       |                         |                              |                |                             |                   |
| Nonspendable - principal                   | 2,157                   | 16,915                       | -              | 338                         | 130,208           |
| Restricted                                 | <u>1,573</u>            | <u>21,397</u>                | <u>25</u>      | <u>5,394</u>                | <u>148,344</u>    |
| Total fund balances                        | <u>3,730</u>            | <u>38,312</u>                | <u>25</u>      | <u>5,732</u>                | <u>278,552</u>    |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 3,741</u>         | <u>\$ 38,319</u>             | <u>\$ 25</u>   | <u>\$ 5,732</u>             | <u>\$ 278,733</u> |

**Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances**

Schedule 5

Nonmajor Permanent Funds  
For the Year Ended June 30, 2018

|                                   | Cemetery Funds            |                  |                    |                               |                |
|-----------------------------------|---------------------------|------------------|--------------------|-------------------------------|----------------|
|                                   | Perpetual<br>Care<br>Fund | Whittier<br>Fund | Kents Hill<br>Fund | Cemetery<br>Expansion<br>Fund | Kesner<br>Fund |
| <b>Revenues</b>                   |                           |                  |                    |                               |                |
| Investment income                 | \$ 5,583                  | \$ 135           | \$ 747             | \$ 746                        | \$ 36          |
| Other revenue                     | <u>2,400</u>              | <u>-</u>         | <u>-</u>           | <u>800</u>                    | <u>-</u>       |
| Total revenue                     | 7,983                     | 135              | 747                | 1,546                         | 36             |
| <b>Expenditures</b>               |                           |                  |                    |                               |                |
| Program expenditures              | <u>-</u>                  | <u>-</u>         | <u>-</u>           | <u>-</u>                      | <u>9</u>       |
| <b>Net Change in Fund Balance</b> | 7,983                     | 135              | 747                | 1,546                         | 27             |
| <b>Beginning Fund Balance</b>     | <u>133,150</u>            | <u>3,854</u>     | <u>17,932</u>      | <u>18,570</u>                 | <u>843</u>     |
| <b>Ending Fund Balance</b>        | <u>\$ 141,133</u>         | <u>\$ 3,989</u>  | <u>\$ 18,679</u>   | <u>\$ 20,116</u>              | <u>\$ 870</u>  |

**Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances**

Schedule 5 (Continued)

Nonmajor Permanent Funds

For the Year Ended June 30, 2018

|                                   | Cemetery Funds         |                        |                        |                        |                         |
|-----------------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|
|                                   | Kolreg<br>Fund         | Lincoln<br>Fund        | Walker<br>Fund         | Townsend<br>Fund       | Couture<br>Fund         |
| <b>Revenues</b>                   |                        |                        |                        |                        |                         |
| Investment income                 | \$ 101                 | \$ 96                  | \$ 102                 | \$ 121                 | \$ 1,420                |
| Other revenue                     | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>                |
| Total revenue                     | 101                    | 96                     | 102                    | 121                    | 1,420                   |
| <b>Expenditures</b>               |                        |                        |                        |                        |                         |
| Program expenditures              | <u>9</u>               | <u>-</u>               | <u>9</u>               | <u>-</u>               | <u>-</u>                |
| <b>Net Change in Fund Balance</b> | 92                     | 96                     | 93                     | 121                    | 1,420                   |
| <b>Beginning Fund Balance</b>     | <u>2,407</u>           | <u>2,337</u>           | <u>2,401</u>           | <u>2,876</u>           | <u>34,123</u>           |
| <b>Ending Fund Balance</b>        | <u><u>\$ 2,499</u></u> | <u><u>\$ 2,433</u></u> | <u><u>\$ 2,494</u></u> | <u><u>\$ 2,997</u></u> | <u><u>\$ 35,543</u></u> |

**Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances**

Schedule 5 (Continued)

Nonmajor Permanent Funds

For the Year Ended June 30, 2018

|                                   | Other Permanent Funds   |                              |                |                             | Total      |
|-----------------------------------|-------------------------|------------------------------|----------------|-----------------------------|------------|
|                                   | War<br>Memorial<br>Fund | Beach<br>Improvement<br>Fund | Trails<br>Fund | Governor<br>Huntoon<br>Fund |            |
| <b>Revenues</b>                   |                         |                              |                |                             |            |
| Investment income                 | \$ 150                  | \$ 1,531                     | \$ -           | \$ 221                      | \$ 10,989  |
| Other revenue                     | -                       | -                            | -              | -                           | 3,200      |
| Total revenue                     | 150                     | 1,531                        | -              | 221                         | 14,189     |
| <b>Expenditures</b>               |                         |                              |                |                             |            |
| Program expenditures              | -                       | -                            | -              | -                           | 27         |
| <b>Net Change in Fund Balance</b> | 150                     | 1,531                        | -              | 221                         | 14,162     |
| <b>Beginning Fund Balance</b>     | 3,580                   | 36,781                       | 25             | 5,511                       | 264,390    |
| <b>Ending Fund Balance</b>        | \$ 3,730                | \$ 38,312                    | \$ 25          | \$ 5,732                    | \$ 278,552 |

**Schedule of Changes in Reserve Funds**

Schedule 6

**General Fund Committed Fund Balances**

For the Year Ended June 30, 2018

|                           | Beginning<br>Balance | Net Transfers<br>In (Out) | Program<br>Revenues | Program<br>Expenditures | Ending<br>Balance |
|---------------------------|----------------------|---------------------------|---------------------|-------------------------|-------------------|
| Admin technology          | \$ 3,730             | \$ -                      | \$ -                | \$ -                    | \$ 3,730          |
| Age friendly              | 841                  | 2,000                     | -                   | (219)                   | 2,622             |
| Backhoe                   | 30,260               | -                         | -                   | -                       | 30,260            |
| Ballfield                 | 2,769                | 5,000                     | 1                   | (4,766)                 | 3,004             |
| Beach                     | 10,377               | -                         | 7,814               | (10,066)                | 8,125             |
| Cemeteries                | 4,514                | 12,050                    | 21                  | (11,278)                | 5,307             |
| Cemeteries - living fence | 14                   | -                         | -                   | -                       | 14                |
| Cemetery capital          | 12,900               | -                         | -                   | -                       | 12,900            |
| Dispatching               | 5,525                | -                         | -                   | -                       | 5,525             |
| Dog vaccination fund      | -                    | -                         | 390                 | -                       | 390               |
| Enterprise fund           | 53,899               | -                         | 389                 | -                       | 54,288            |
| FD annual physicals       | 4,792                | -                         | -                   | -                       | 4,792             |
| FD equipment              | 43,989               | 75,650                    | 311                 | (70,378)                | 49,572            |
| Fire PPG replacement      | 3,984                | 2,000                     | -                   | -                       | 5,984             |
| Fire tower sites          | 6,644                | 2,000                     | 17,200              | (38,179)                | (12,335)          |
| Fire station addition     | 35,522               | -                         | -                   | -                       | 35,522            |
| Fire station improvement  | 9,205                | -                         | -                   | -                       | 9,205             |
| Forestry                  | 697                  | -                         | -                   | -                       | 697               |
| Gile hall                 | 24,836               | -                         | -                   | -                       | 24,836            |
| Grant writing             | 6,792                | 4,000                     | -                   | -                       | 10,792            |
| Heating assistance        | 2,241                | -                         | 1,216               | (370)                   | 3,087             |
| Heritage days             | 6,718                | 5,000                     | 2,925               | (8,091)                 | 6,552             |
| Library operations        | 8,176                | 24,010                    | 4,044               | (29,491)                | 6,739             |
| Library improvements      | 1,122                | -                         | -                   | -                       | 1,122             |
| Maranacook dam            | 45,661               | 79,340                    | -                   | (4,638)                 | 120,363           |
| Mill stream bridge        | 369                  | -                         | -                   | -                       | 369               |
| Mill stream dam           | 6,221                | -                         | -                   | (403)                   | 5,818             |
| Open space                | 6,815                | -                         | -                   | -                       | 6,815             |
| Capital equipment         | 20,000               | 5,000                     | -                   | -                       | 25,000            |
| Recreation                | 27,969               | (5,000)                   | 9,378               | (12,770)                | 19,577            |
| Revaluation               | 75,000               | 10,000                    | -                   | -                       | 85,000            |
| Road and bridge bond      | 5,830                | -                         | -                   | -                       | 5,830             |
| Road bond 13-14           | 454                  | -                         | -                   | -                       | 454               |
| Sidewalk capital          | -                    | 45,000                    | -                   | -                       | 45,000            |
| Roads capital             | -                    | 15,000                    | -                   | -                       | 15,000            |
| Snowmobiling              | 943                  | -                         | 1,377               | (941)                   | 1,379             |
| Summer roads              | 133,316              | 293,950                   | 36,024              | (288,215)               | 175,075           |
| Conservation land         | 28,345               | 700                       | 38                  | (669)                   | 28,414            |
| Trails                    | 105                  | 2,483                     | 250                 | (845)                   | 1,993             |
| Transfer station ops      | 8,043                | 100,942                   | 23,072              | (129,862)               | 2,195             |
| Transfer station cap      | 64,382               | 8,075                     | 10,553              | (3,500)                 | 79,510            |
| Water holes               | 3,782                | 500                       | -                   | -                       | 4,282             |
| <b>Total</b>              | <b>\$ 706,782</b>    | <b>\$ 687,700</b>         | <b>\$ 115,003</b>   | <b>\$ (614,681)</b>     | <b>\$ 894,804</b> |



## **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**

Town Council  
Town of Readfield

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, each major fund, and the aggregate remaining fund information of the Town of Readfield, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Town of Readfield's basic financial statements, and have issued our report thereon dated March 13, 2019.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Readfield'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 Town of Readfield's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Readfield'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, 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 Town of Readfield'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 *Governmental Auditing Standards*.

**Purpose of this Report**

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

Handwritten signature in black ink that reads "BERRY TALBOT ROYER".

Certified Public Accountants  
March 13, 2019