

Town of Standish



Annual Financial Statements
For the Year Ended June 30, 2019

Independently Audited By

Berry·Talbot·Royer
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Town Council and Manager
Town of Standish, 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 Standish, Maine as of and for the year ended June 30, 2019, 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 Standish, Maine as of June 30, 2019, 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 – 15 and 38 – 39 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 Standish, Maine's basic financial statements. Schedules 2 through 13 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 2 through 13 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 13 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
DATE xx, 2019



Town of Standish

Management Discussion and Analysis

The Town of Standish (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, 2019. 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 two categories of funds: governmental funds and fiduciary 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 funds are the General Fund and the 2019 Capital Projects Fund. All non-major governmental funds are combined in the "Other Governmental Funds" column on these statements.

Fiduciary Funds

These funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the Government-wide Financial Statements because the resources of these funds are not available to support the Town's own programs.

The Town's sole fiduciary fund is an Agency Fund that accounts for money held and administered by the Town on behalf of third parties.

Current Year Financial Highlights

- The Town's property values increased in taxable valuation from \$994,254,464 to \$1,014,140,467, an overall increase of \$19,886,003, or approximately 2.0%.
- The Town's mill rate increased from \$13.25 in fiscal year 2018 to \$13.90 in fiscal year 2019, an increase of \$0.65 per thousand.
- The Town's assets exceeded its liabilities and deferred inflows of resources by \$30,792,803 as of the end of the fiscal year. This year's total net position includes an unrestricted portion totaling \$2,163,599 (a decrease of \$260,845 from the prior year), 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 a decrease in net position of \$713,105. The Town's net expenses of \$18,231,749 were not completely offset by general revenues of \$17,518,644.
- Total governmental activities' expenses in fiscal year 2019 were up by \$1,351,308 from fiscal year 2018. Also, total governmental activities' revenues in fiscal year 2019 were up by \$1,641,660 from fiscal year 2018.
- In the General Fund, the Town's unassigned fund balance decreased by \$30,296 between June 30, 2018 to June 30, 2019, from \$2,718,920 to \$2,688,624 (a 1.1% decrease).
- It is the policy of the Town to maintain unassigned fund balance in the General Fund at a range between two twelfths and three twelfths of the approved appropriation for the municipal budget or 16.67% to 25.00% - essentially, two to three months' worth of expenditures. Going into fiscal year 2020, the original approved appropriations totaled \$21,298,360, creating a target range of \$3,550,437 to \$5,324,590. At year end, the unassigned fund balance was \$2,688,624, below the target range minimum by \$861,813.
- 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 14.5% – down from 15.6% in the prior year.
- The Town's total bonded and other outstanding long-term debt increased by \$690,598 during the current fiscal year. Current year debt issues were \$1,762,500 while debt repayments were \$1,071,902.

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 \$30.8 million at the end of fiscal year 2019, compared to \$31.5 million at the end of fiscal year 2018.

Table A
Town of Standish
Condensed Statement of Net Position
As of June 30, 2019 and 2018

	2019	2018	\$ Change	% Change
Current assets	\$ 7,162,066	\$ 6,704,070	\$ 457,996	6.8%
Capital assets, net	<u>31,674,087</u>	<u>32,464,604</u>	<u>(790,517)</u>	-2.4%
Total assets	38,836,153	39,168,674	(332,521)	-0.8%
Current liabilities	1,625,730	1,901,207	(275,477)	-14.5%
Long-term liabilities	<u>6,410,576</u>	<u>5,754,758</u>	<u>655,818</u>	11.4%
Total liabilities	8,036,306	7,655,965	380,341	5.0%
Deferred inflows of resources	<u>7,044</u>	<u>6,801</u>	<u>243</u>	3.6%
Net investment in capital assets	26,366,418	27,591,225	(1,224,807)	-4.4%
Restricted	2,262,786	1,490,239	772,547	51.8%
Unrestricted	<u>2,163,599</u>	<u>2,424,444</u>	<u>(260,845)</u>	-10.8%
Total net position	<u>\$ 30,792,803</u>	<u>\$ 31,505,908</u>	<u>\$ (713,105)</u>	-2.3%

Significant variances from the prior year include a 14.5% decrease (\$275,477) in current liabilities, a 11.4% increase (\$655,818) in long-term liabilities, a 51.8% (\$772,547) increase in restricted net assets, and a 10.8% decrease (\$260,845) in unrestricted net assets.

The decrease in current liabilities is attributable to \$362,292 less in accounts payable outstanding at year end 2019 than were outstanding at year end 2018; coupled with slight increases in the other current liabilities accounts.

The increase in long-term liabilities is due to a combination of the net increase in general obligation bonds outstanding as well as increases in accrued compensated absences.

Table B
Town of Standish
Condensed Statement of Activities
For the Years Ended June 30, 2019 and 2018

	2019	2018	\$ Change	% Change
Charges for services	\$ 1,522,826	\$ 1,392,917	\$ 129,909	9.3%
Operating grants	<u>261,479</u>	<u>212,647</u>	<u>48,832</u>	23.0%
Total program revenues	1,784,305	1,605,564	178,741	11.1%
Taxes	16,182,604	15,234,189	948,415	6.2%
Intergovernmental	845,328	705,594	139,734	19.8%
Other	<u>490,712</u>	<u>115,942</u>	<u>374,770</u>	323.2%
Total general revenues	<u>17,518,644</u>	<u>16,055,725</u>	<u>1,462,919</u>	9.1%
Total revenues	19,302,949	17,661,289	1,641,660	9.3%
General government	1,384,814	1,435,362	(50,548)	-3.5%
Public safety	2,382,304	2,048,631	333,673	16.3%
General assistance	38,051	37,269	782	2.1%
Public works	3,471,947	3,196,007	275,940	8.6%
Community service programs	843,370	559,996	283,374	50.6%
Capital outlay	40,817	5,000	35,817	716.3%
Benefits and insurance	882,980	811,447	71,533	8.8%
Fixed charges	10,971,548	10,550,716	420,832	4.0%
Overlay and bad debt	<u>223</u>	<u>20,318</u>	<u>(20,095)</u>	-98.9%
Total expenses	<u>20,016,054</u>	<u>18,664,746</u>	<u>1,351,308</u>	7.2%
Change in net position	<u>\$ (713,105)</u>	<u>\$ (1,003,457)</u>	<u>\$ 290,352</u>	-28.9%

Overall, total revenues were up in fiscal year 2019 compared to fiscal year 2018 by 9.3%. Most of this increase came from property taxes, excise taxes, and state revenue sharing and reimbursements. Total expenses were up by 7.2%, mostly in public safety (mostly salary increases), community service programs, and fixed charges.

Overall, the Town realized a decrease in net position of \$713,105. This is 28.9% less than the prior year's decrease of \$1,003,457. Since the start of fiscal year 2018, the Town's net position has decreased \$1.7 million, or approximately 5.3%

Chart A on the following page shows the relative sizes of revenues based on their source. The largest source of revenues is, of course, taxes at 84%, followed by charges for services at 8%.

Chart B on the following page shows the relative sizes of expenses based on the program. Fixed charges, which includes education, county tax, and debt interest, takes up the largest share of expenses at 55%. Public works is second, consuming 17% of expenses.

Chart A
Revenues by Source

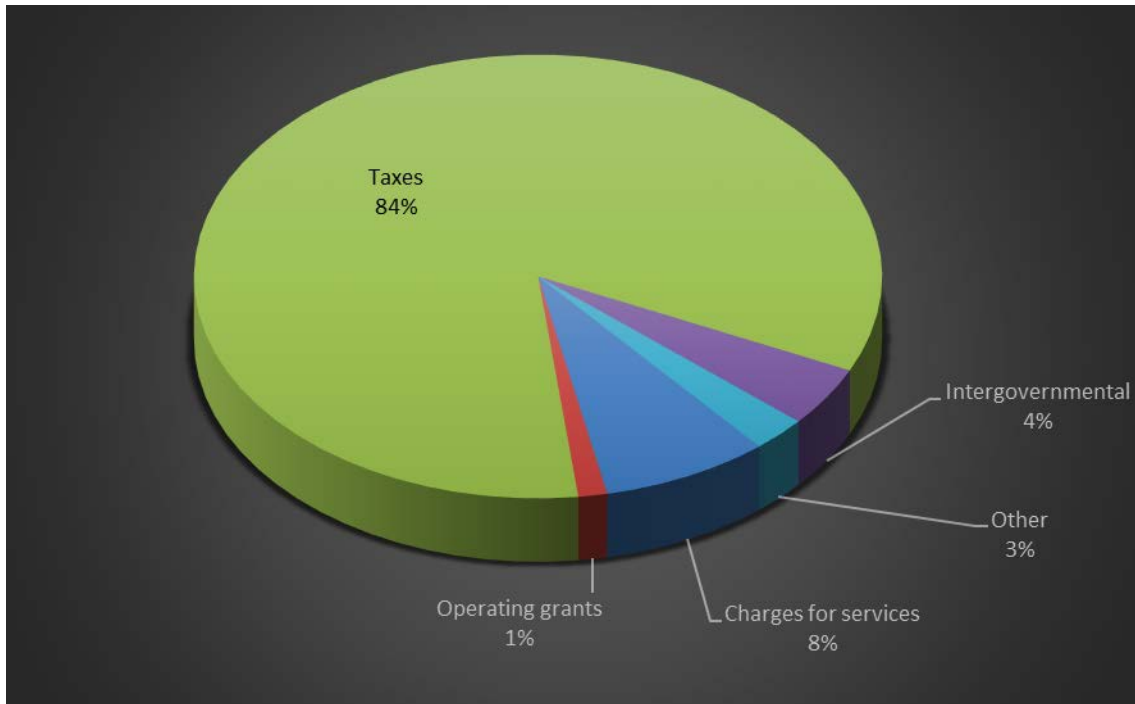
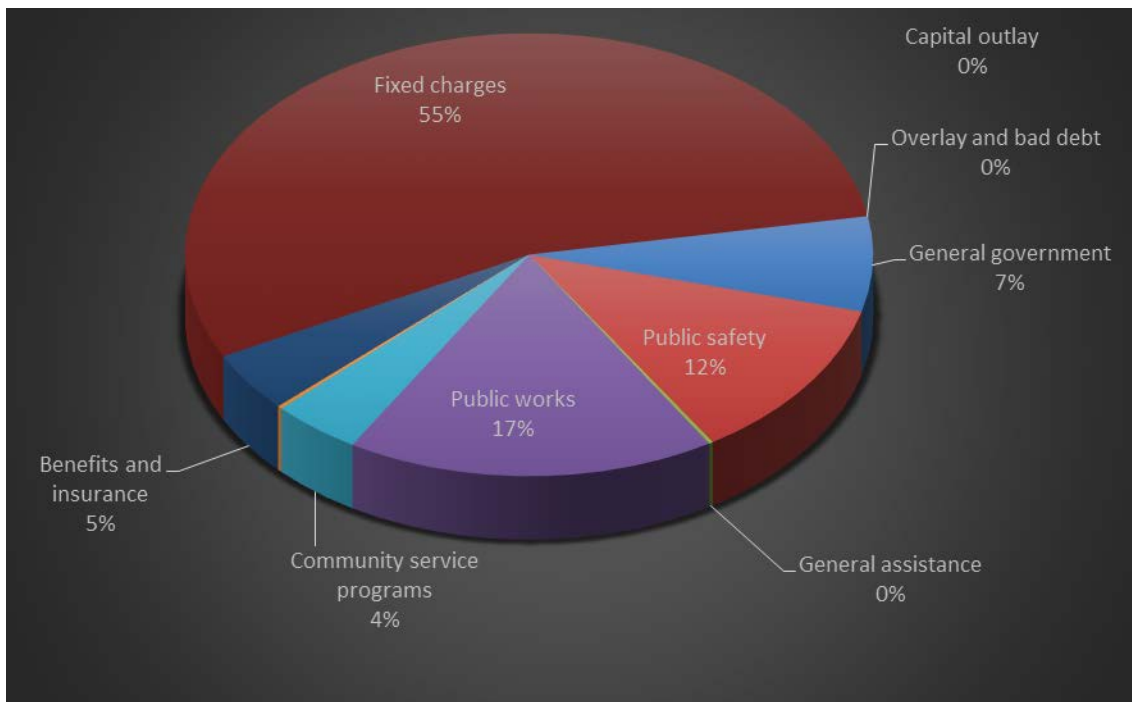


Chart B
Expenses by Program



Analysis of the Town's Governmental Funds

As noted earlier, the Town of Standish 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 net change in fund balance for the year was a decrease of \$54,349, compared to a fiscal year 2018 decrease of \$206,273. The unassigned fund balance had a net decrease for the year of \$30,296, compared to a fiscal year 2018 decrease of \$203,915. The Town's general intention was to decrease the total fund balance during the year by approving a budget deficit of \$462,670. (often referred to as a "budgeted use of fund balance")

As noted in the financial highlights section, the General Fund's unassigned fund balance ended the fiscal year \$861,813 below the minimum target level, as determined by Town policy. Town policy stipulates that when the unassigned fund balance falls outside the target range, the Town will develop a plan, implemented through the annual budgetary process, to bring the balance within the approved range over a period of no more than three (3) years.

Of the other components of the General Fund's fund balance, the most significant changes were in the bond levelization reserve and the planning projects reserve. The bond levelization reserve (a committed fund balance) increased by \$43,435 in interest income on reserve monies. The planning projects reserve had \$40,360 of fund balance committed for future planning projects.

2019 Capital Projects Fund

The 2019 Capital Projects Fund was created during the fiscal year from issuing \$1,762,500 in new debt to pay for a variety of capital improvement projects. The Town expended a total of \$701,118 on those planned projects during fiscal year 2019 and plan to complete the remaining projects in the coming fiscal years. Each year, the Town budgets for capital improvement projects which are approved at the annual town meeting.

Other Governmental Funds

All other governmental funds are composed of nonmajor special revenue funds, capital projects funds, and permanent funds. Total nonmajor special revenue funds' balances increased by \$62,441, total nonmajor capital projects funds' balances decreased by \$383,984, and total nonmajor permanent funds' balances increased by \$61 – all told, a decrease of \$321,482. Comparatively, for fiscal year 2018, the combined change in fund balances of other governmental funds was a decrease of \$719,778.

The fund balances of nonmajor special revenue funds simply represent unexpended grants, recreation fund monies, and other specially designated funds. The fund balances of nonmajor capital projects funds represent expended bond funds issued for capital improvement projects. The fund balances of nonmajor permanent funds represent non-spendable 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 16, 2018, budgeted a deficit of \$450,000 that was to be covered by the unassigned fund balance.

The variances between the original budget and the final budget were as follows:

- Of fiscal year 2018's unexpended appropriations, \$1,500 were approved to be carried forward and added to the fiscal year 2019 appropriated budget in the Recreation Department for Community Service Programs.
- General Government increased by \$11,170 due to the use of impact fees during the year.
- Public Safety increased by \$21,693 and Public Works increased by \$39,286 due to the receipt of MEMA and FEMA grants.
- Fixed Charges increased by \$296,728 due to \$297,570 more in the education assessment than was known at the time of the Town Meeting, \$842 less in the allocation to the TIF District as a result of updated estimates of revenue when the taxes were committed.
- Overlay and Bad Debts increased by \$88,062 as a result of updated estimates of revenue when the taxes were committed.

As a result of the changes above, along with offsetting updated estimates of revenues and property taxes to be committed totaling \$445,769, the final budget increased the budgeted deficit by \$12,670.

In analyzing comparisons between the final budget and actual results, revenues came in \$49,838 above estimates, driven by more in non-property taxes than anticipated, and proceeds from timber cutting of Town owned properties.

Overall, actual expenditures were lower than budgeted expenditures by \$358,483. However, two of the budget lines came in over budget: Employee Benefits and Solid Waste were over budget by \$5,970 and \$21,796, respectively.

Despite the Town budgeting a (final) deficit of \$462,670, the actual deficit was \$54,439 – or, \$408,321 less than was budgeted.

Capital Assets and Long-term Debt Activity

Capital Assets

The Town's investment in capital assets for governmental activities, as of June 30, 2019, has a net book value of about \$31.7 million, made up of costs totaling \$62.2 million less accumulated depreciation of \$30.5 million. This investment includes land, buildings, land improvements, machinery and equipment, 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.

The total decrease in the Town's investment in capital assets for the current fiscal year was \$790,517. This is a combination of \$1,037,411 in new acquisitions less \$1,827,928 in depreciation expense.

The Town disposed of assets with a historical cost of \$148,781, but that had a net book value of \$0. Therefore, no gain or loss was recognized on the disposal and the disposal had no net effect on the net book value of total capital assets.

Table C
Capital Assets Net Book Value Comparisons
As of June 30, 2019 and 2018

	2019	2018	\$ Change	% Change
Land	\$ 797,244	\$ 797,244	\$ -	0.0%
Buildings	3,492,465	3,368,074	124,391	3.7%
Land improvements	238,500	218,920	19,580	8.9%
Machinery and equipment	2,324,833	2,191,809	133,024	6.1%
Infrastructure	24,821,045	25,888,557	(1,067,512)	-4.1%
Totals	<u>\$ 31,674,087</u>	<u>\$ 32,464,604</u>	<u>\$ (790,517)</u>	-2.4%

Chart C on the following page shows the composition of capital assets and each of their classes' relative size to others. Infrastructure is, by far, the largest class of capital assets, making up 78% of total capital assets. The next largest asset class is buildings, at 11%.

Chart D on the following page provides a graphical depiction of how much of each asset class' total cost has been expensed as depreciation, as of June 30, 2019. 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 land improvements have, on average for the class, relatively young useful lives. Infrastructure, on average, has passed middle age. And, the machinery and equipment class is over 50% accumulated depreciation, which means individual assets within that class are generally older and closer to the end of their useful lives. This analysis is useful to help assess where capital outlays will need to be made in the future.

Chart C
Composition of Capital Assets

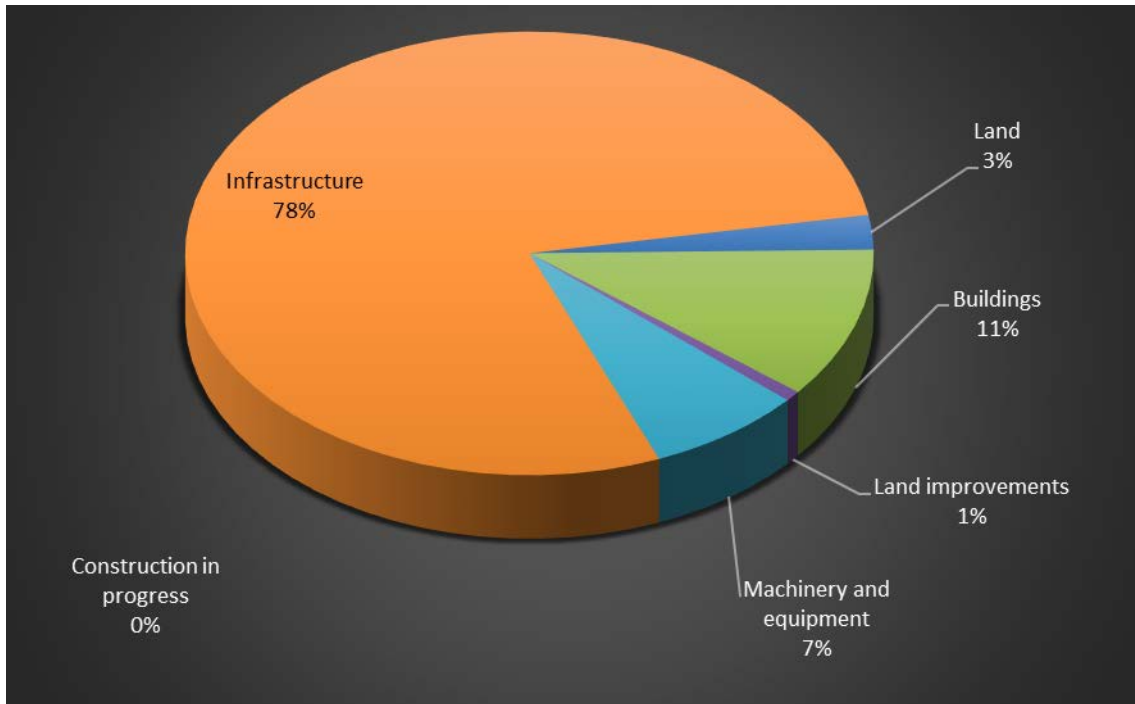


Chart D
Consumption of Capital Assets



Long-term Debt

At the end of the fiscal year, the Town had \$7.3 million in general obligation – an increase of \$690,598 over last year. There was a bond issuance in fiscal year 2019 of \$1,762,500 to fund approved capital projects. The Town paid down its debt during the year in the amount of \$1,071,902.

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, standing at 0.7% as of the end of fiscal year 2019. Likewise, on a per capita basis, the Town's debt was approximately \$717.08, far below a generally acceptable amount of \$1,500 - \$2,000 per capita.

Table D
Long-term Debt Comparisons
As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds	\$ 7,289,842	\$ 6,599,244	\$ 690,598	10.5%

Currently Known Facts, Decisions, or Conditions

Next Year's Budget and Rates

In June 2019, the Town's voters passed its fiscal year 2020 municipal budget in which they approved appropriations of \$10,254,264 for education, \$10,212,590 for municipal services, \$756,506 for county taxes, \$65,138 for allocation to the TIF District, and an estimated \$75,000 in overlay. The Town also approved \$1,853,115 in capital expenditures to be funded by issuing general obligation bonds and a \$20,000 grant. The Town estimated \$6,311,291 in non-property tax revenue, resulting in a projected tax commitment of \$15,056,207. This represented a \$1,251,861 (9.1%) increase over fiscal year 2019 Town Meeting tax commitment and an increase in the mill rate from \$13.69 to \$14.67. The actual tax commitment subsequently computed by the Town's assessor and passed by the Council was \$15,144,330 which equated to a mill rate of \$14.30.

The differences between the original June town meeting budget and the final budget resulting from assessor's tax commitment were due to (a) an increase in the budgeted overlay by \$73,666 to account for an estimated increase in abatements based on historical experience and expected valuation adjustments, (b) a net increase in the amounts of homestead exemption and BETE reimbursements by \$9,940, (c) a decrease in the estimated captured assessed value of \$4,009 from the Town's new Tax Increment Financing district, (d) an increase between estimated property valuations used in the original budget and actual valuations used in the final budget of \$32,903,586, and (e) an increase in the MSAD6 school budget of \$177,523.

The final budgeted municipal appropriations utilized in determining the tax commitment for fiscal year 2020 turned out to be \$21,614,678 – 4.54% higher than for fiscal year 2019. Expenditures through the date of this report are on track with budget projections. Of particular interest again this year are expenditures for heating fuel in all relevant departments, which, due to an unusually warm October and beginning of November are all well under budget. In fact, after almost five months of the fiscal year, the fuel expenditure line for heating purposes is only 5.7% expensed, which is a good indicator of heating fuel consumption for the Town. With the stabilization of management in FY19, the FY20 budget through four months is on target.

Other Items of Note

In November 2019, the Town issued new debt through the Maine Municipal Bond Bank in the amount of \$1,853,115. As noted before, the Town's debt limit is fairly low and this new debt issue does not substantially add to the debt burden.

In fiscal year 2020, the Town made its fourth contribution of \$65,129 in funds to the newly created TIF District Fund. These funds are captured assessed value from within the District. That is, they are property taxes collected on the incremental value from the base value (2013's assessed value) of property within the District. These property taxes are set aside and will be expended on projects within the District. The Town's goal is to spur business growth in this newly created district. The town expects possible higher than normal attorney's fees with the ongoing litigation due to the separation of the former town manager. No significant payout is expected as the town's liability insurance should adequately cover the town's exposure.

Requests for Information

This financial report is designed to provide a general overview of the Town of Standish'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:

Scott Gesualdi
Finance Director
Town of Standish
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These annual financial reports are also available for download at the Town's website, www.standish.org, and by selecting Finance Department > Audited Financial Reports.

Statement of Net Position

Statement 1

As of June 30, 2019

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 6,170,912
Accounts receivable	272,415
Taxes receivable	478,147
Liens receivable	130,172
Lien interest and costs receivable	10,275
Tax acquired property	15,050
Inventory and prepaid expense	84,935
Other assets	160
Total current assets	7,162,066
Land	797,244
Depreciable capital assets	61,372,533
Accumulated depreciation	(30,495,690)
Total capital assets, net of depreciation	31,674,087
Total Assets	38,836,153
Liabilities	
Accounts payable	236,734
Accrued wages	73,444
Customer deposits	20,063
Unearned revenues	144,079
Accrued interest	24,333
Accrued compensated absences	247,811
Long-term debt - due within one year	1,127,077
Long-term debt - due beyond one year	6,162,765
Total Liabilities	8,036,306
Deferred Inflows of Resources	
Taxes collected in advance	7,044
Net Position	
Net investment in capital assets	26,366,418
Restricted for:	
Nonexpendable permanent fund principal	19,958
Expendable permanent fund balances	4,788
Capital projects	2,006,507
Special revenues	110,831
Other externally imposed purposes	120,702
Unrestricted	2,163,599
Total Net Position	<u>\$ 30,792,803</u>

Statement of Activities

Statement 2

For the Year Ended June 30, 2019

Functions / Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Governmental
				Activities
Primary Government				
Governmental Activities				
General government	\$ 1,384,814	\$ 391,821	\$ 25	\$ (992,968)
Public safety	2,382,304	516,473	17,197	(1,848,634)
General assistance	38,051	-	24,613	(13,438)
Public works	3,471,947	177,354	213,277	(3,081,316)
Community service programs	843,370	437,178	6,367	(399,825)
Capital outlay	40,817	-	-	(40,817)
Benefits and insurance	882,980	-	-	(882,980)
Fixed charges	10,971,548	-	-	(10,971,548)
Overlay and bad debt	223	-	-	(223)
Total Primary Government	\$ 20,016,054	\$ 1,522,826	\$ 261,479	(18,231,749)
		General Revenues		
				14,136,406
				2,046,198
				845,328
				52,470
				438,242
			Total general revenues	17,518,644
		Change in Net Position		(713,105)
		Beginning Net Position		31,505,908
		Ending Net Position		\$ 30,792,803

Balance Sheet

Statement 3

Governmental Funds

As of June 30, 2019

	General Fund	2019 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,627,625	\$ 2,433,278	\$ 110,009	\$ 6,170,912
Accounts receivable	272,415	-	-	272,415
Taxes receivable	478,147	-	-	478,147
Liens receivable	130,172	-	-	130,172
Lien interest and costs receivable	10,275	-	-	10,275
Tax acquired property	15,050	-	-	15,050
Inventory and prepaid expense	75,458	-	9,477	84,935
Other assets	160	-	-	160
Due from other funds	341,481	-	1,205,744	1,547,225
Total Assets	<u>\$ 4,950,783</u>	<u>\$ 2,433,278</u>	<u>\$ 1,325,230</u>	<u>\$ 8,709,291</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 134,121	\$ 100,000	\$ 2,614	236,735
Accrued wages	58,853	-	14,591	73,444
Customer deposits	20,063	-	-	20,063
Unearned revenues	9,280	-	134,799	144,079
Due to other funds	268,267	1,264,366	14,592	1,547,225
Total liabilities	490,584	1,364,366	166,596	2,021,546
Deferred Inflows of Resources				
Unavailable property taxes	432,425	-	-	432,425
Taxes collected in advance	7,044	-	-	7,044
Total deferred inflows of resources	439,469	-	-	439,469
Fund Balances				
Nonspendable	75,618	-	19,958	95,576
Restricted	120,702	1,068,912	1,053,213	2,242,827
Committed	821,506	-	85,463	906,969
Assigned	314,280	-	-	314,280
Unassigned	2,688,624	-	-	2,688,624
Total fund balances	4,020,730	1,068,912	1,158,634	6,248,276
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,950,783</u>	<u>\$ 2,433,278</u>	<u>\$ 1,325,230</u>	<u>\$ 8,709,291</u>

Reconciliation Statement

Statement 4

Total Governmental Fund Balances to the
 Net Position of Governmental Activities
 As of June 30, 2019

Total governmental fund balances, per Statement 3 \$ 6,248,276

Capital assets are not 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 31,674,087

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 (24,333)

Accrued compensated absences (247,810)

Long-term debt (7,289,842)

Taxes that are not expected to be collected within 60 days of the end of the fiscal year and not considered financial resources and, therefore, are excluded from the governmental fund balances. They are, however, considered economic resources of governmental activities and, therefore, are included in the net position.

Unavailable property taxes 432,425

Net position of governmental activities, per Statement 1 \$ 30,792,803

Statement of Revenues, Expenditures, and Changes in Fund Balances

Statement 5

Governmental Funds

For the Year Ended June 30, 2019

	General Fund	2019 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 16,084,526	\$ -	\$ -	\$ 16,084,526
Intergovernmental	1,083,218	-	-	1,083,218
Licenses and permits	349,431	-	-	349,431
Charges for services	739,427	-	-	739,427
Recreation	8,341	-	401,084	409,425
Beach passes and fees	27,752	-	-	27,752
Penalties and interest	52,470	-	-	52,470
Other revenues	<u>111,334</u>	<u>7,530</u>	<u>339,757</u>	<u>458,621</u>
Total revenues	<u>18,456,499</u>	<u>7,530</u>	<u>740,841</u>	<u>19,204,870</u>
Expenditures				
General government	1,440,389	-	1,771	1,442,160
Public safety	2,048,528	242,642	143,800	2,434,970
General assistance	38,051	-	-	38,051
Public works	1,879,931	417,660	227,124	2,524,715
Community service programs	177,549	-	692,128	869,677
Capital outlay	-	40,816	-	40,816
Benefits and insurance	882,980	-	-	882,980
Fixed charges	12,040,697	-	-	12,040,697
Overlay and bad debt	<u>223</u>	<u>-</u>	<u>-</u>	<u>223</u>
Total expenditures	<u>18,508,348</u>	<u>701,118</u>	<u>1,064,823</u>	<u>20,274,289</u>
Revenue Deficit	(51,849)	(693,588)	(323,982)	(1,069,419)
Other Financing Sources (Uses)				
Bond proceeds	-	1,762,500	-	1,762,500
Transfers in	-	-	2,500	2,500
Transfers out	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>
Total other financing sources (uses)	<u>(2,500)</u>	<u>1,762,500</u>	<u>2,500</u>	<u>1,762,500</u>
Net Change in Fund Balances	(54,349)	1,068,912	(321,482)	693,081
Beginning Fund Balances	<u>4,075,079</u>	<u>-</u>	<u>1,480,116</u>	<u>5,555,195</u>
Ending Fund Balances	<u>\$ 4,020,730</u>	<u>\$ 1,068,912</u>	<u>\$ 1,158,634</u>	<u>\$ 6,248,276</u>

Reconciliation Statement

Statement 6

**Net Change in Fund Balances of Governmental Funds
to the Change in Net Position of Governmental Activities**

For the Year Ended June 30, 2019

Net change in fund balances of governmental funds, per Statement 5	\$ 693,081
Issuance of new debt is reported as an other financing source in the governmental funds, but is not reported as revenue for governmental activities. Instead, it is reported as increases in long-term debt in the Statement of Net Position.	
Bond proceeds	(1,762,500)
Repayment of debt principal is reported as expenditures in the governmental funds, but is not reported as expenses of governmental activities. Instead, it is reported as reductions in long-term debt in the Statement of Net Position.	
Bond payments	1,071,902
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	1,037,412
Taxes not collected within sixty days after year end are not considered available financial resources and, therefore, not reported as revenue in the governmental funds. However, they are reported as revenue in the Statement of Activities.	
Increase in unavailable property taxes	98,077
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	(1,827,928)
Decrease in accrued interest expense	(2,753)
Increase in accrued compensated absences	<u>(20,396)</u>
Change in net position of governmental activities, per Statement 2	<u><u>\$ (713,105)</u></u>

Statement of Fiduciary Net Position

Statement 7

Fiduciary Funds

As of June 30, 2019

Assets

Cash

Agency Fund

\$ 685,098

Liabilities

Due to third parties

\$ 685,098

Note 1 Summary of Significant Accounting Policies

The Reporting Entity

The Town of Standish, Maine, incorporated in 1785, operates under a Council-Manager form of government adopted by charter in 1987. The Council consists of seven members elected by the registered voters for overlapping terms of three years. The financial statements of the Town of Standish conform to accounting principles generally accepted in the United States of America (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 are reported as general revenues. The comparison of direct expenses with 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 by generic classification within the financial statements.

The Town currently uses two categories of funds: governmental funds and fiduciary funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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. None of the special revenue funds are 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 2019 Capital Projects Fund is 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. Neither of the two permanent funds is considered a major fund in the current year.

Fiduciary funds are used to account for resources in which the Town acts as an agent or trustee. The Town currently maintains one type of fiduciary fund – an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements or results of operations. These funds are not incorporated into the government-wide statements.

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 and fiduciary fund 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 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. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

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 and 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. Non-fiduciary interfund loans are eliminated in the government-wide financial statements.

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.

Receivables

Receivables consist of all revenues recognized by year-end (on the applicable basis of accounting) but not yet received. Management's estimation for allowances for uncollectible accounts is based on historical collection rates or, where appropriate, collection experience with specific payers.

Inventory

Inventory is valued at cost and consists of sand, gravel, salt, and other chemicals and materials used in road maintenance.

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land, land improvements, buildings, machinery and equipment, 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 capital assets are recorded at estimated fair market value on the date of donation. 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:

Land improvements	20 - 30 years
Buildings	10 - 60 years
Machinery and equipment	5 - 25 years
Infrastructure	5 - 40 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 (expense/expenditure) until then. The Town currently has no deferred outflows 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 (property taxes not collected within 60 days after the financial statement date).

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.

Note 1 Summary of Significant Accounting Policies (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.

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	\$ 62,169,777
Accumulated depreciation	(30,495,690)
Bonds and notes payable	(7,289,842)
Accrued interest	(24,333)
Unspent bond proceeds	<u>2,006,506</u>
Net investment in capital asset	<u>\$ 26,366,418</u>

Restricted is the portion of net position that has constraints placed 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.

Note 1 Summary of Significant Accounting Policies (Continued)

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 Town Council and Town Manager have the authority to assign amounts to be used for specific purposes.

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

The Town has no formal revenue spending policy for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

It is the policy of the Town to maintain unassigned fund balance in the general fund at 16.67%, or two twelfths, of the approved appropriation for the municipal budget, the Town's portion of MSAD #6 local assessment, county tax, and the overlay – the "target level." In the event that the unassigned fund balance drops below this level, the Town will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than three (3) years. Any excess in the unassigned fund balance identified in the Town's audited financial statements that exceeds the target level above may be used to adjust the mil rate upon the recommendation of the Town Manager and the Town Council with the approval of the Town Meeting.

Revenue Recognition

As described previously, the government-wide financial and fiduciary fund 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.

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.

Note 1 Summary of Significant Accounting Policies (Continued)**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. 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, 2019, of the Town's \$6,177,347 in bank deposits, \$3,357,839 was insured by the FDIC, and the remaining \$2,819,508 was insured by an irrevocable standby letter of credit.

Note 3 Accounts, Taxes, and Liens Receivable

Accounts receivable as of June 30, 2019 is \$272,415. Of this amount, approximately 80% are amounts due from the State of Maine for various grants, reimbursements, revenue sharing, and general assistance. Management believes the collectability of all remaining receivables is reasonably assured and, therefore, has not provided for an allowance for uncollectible accounts.

Taxes receivable consist of real estate and personal property taxes from the current year commitment that have not been collected as of year-end but have not yet been lienied. For these amounts, management has estimated no allowance for uncollectible accounts because it believes that all accounts are ultimately collectible, due to the Town's legal authority to foreclose on real estate.

Liens receivable as of June 30, 2019 is \$130,172. Management believes the collectability of these accounts is reasonably assured and, therefore, has not provided for an allowance for uncollectible accounts.

Note 4 Property Tax

The Town's property taxes for the July 1, 2018 to June 30, 2019 fiscal year were committed on September 11, 2018. Taxes were due semi-annually on November 15, 2018 and May 15, 2019. Unpaid taxes are charged interest of 8% per annum. The tax commitment was based on the April 1, 2018 assessed real estate and personal property values totaling \$1,014,140,467.

The Town is permitted by the laws of the State of Maine to levy taxes 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 \$158,407 for the year ended June 30, 2019.

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 cost involved in foreclosure. Liens and any current taxes on the same parcel are not included as part of the tax acquired property account until expiration of statutory time limits.

The following summarizes the tax levy for fiscal year 2019:

Real estate valuation	\$1,007,944,259
Personal property valuation	<u>6,196,208</u>
Total valuation	1,014,140,467
 Tax rate (per \$1,000 of valuation)	 <u>13.90</u>
 Tax commitment	 <u><u>\$ 14,096,552</u></u>

Collection of fiscal year 2019 taxes levied is as follows:

Original tax commitment	\$ 14,096,552
Supplemental taxes	29,940
Special Assessment (Septic)	<u>9,914</u>
Total tax commitment	14,136,406
 Less:	
Abatements of current year taxes	742
Current year taxes receivable at year end	<u>474,525</u>
 Current year tax collections	 <u><u>\$ 13,661,139</u></u>
 Collection rate of current year taxes	 96.6%

Note 5 Interfund Transactions**Interfund Receivables and Payables**

Individual interfund receivable and payable balances at June 30, 2019 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 341,481	\$ 268,267
Capital projects fund	-	1,264,366
Nonmajor special revenue funds	243,403	14,592
Nonmajor capital projects funds	937,596	-
Nonmajor permanent funds	<u>24,745</u>	<u>-</u>
Totals	<u>\$ 1,547,225</u>	<u>\$ 1,547,225</u>

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.

Interfund Transfers

Interfund transfers for the year ended June 30, 2019 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 2,500
Nonmajor special revenue funds	<u>2,500</u>	<u>-</u>
Totals	<u>\$ 2,500</u>	<u>\$ 2,500</u>

Transfers from the General Fund to other funds consisted of \$2,500 to the Public Safety Fair special revenue fund.

Note 6 Capital Assets

Capital asset activity for the year ended June 30, 2019 was:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable Capital Assets				
Land	\$ 797,244	\$ -	\$ -	\$ 797,244
Depreciable Capital Assets				
Buildings	4,636,290	206,939	-	4,843,229
Land improvements	269,110	30,254	-	299,364
Machinery and equipment	5,304,487	461,263	(148,781)	5,616,969
Infrastructure	<u>50,274,016</u>	<u>338,955</u>	<u>-</u>	<u>50,612,971</u>
Total capital assets	61,281,147	1,037,411	(148,781)	62,169,777
Less: Accumulated Depreciation				
Buildings	1,268,216	82,548	-	1,350,764
Land improvements	50,190	10,674	-	60,864
Machinery and equipment	3,112,678	328,239	(148,781)	3,292,136
Infrastructure	<u>24,385,459</u>	<u>1,406,467</u>	<u>-</u>	<u>25,791,926</u>
Total accumulated depreciation	<u>28,816,543</u>	<u>1,827,928</u>	<u>(148,781)</u>	<u>30,495,690</u>
Net capital assets	<u>\$ 32,464,604</u>	<u>\$ (790,517)</u>	<u>\$ -</u>	<u>\$ 31,674,087</u>

The Town retired assets with a historical cost of \$148,781 and a net book value of \$0. New capital asset additions in the current year were \$1,037,411.

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

General government	\$ 74,975
Public safety	196,497
Public works	1,515,400
Community service	<u>41,056</u>
Total depreciation expense	<u>\$ 1,827,928</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, 2019:

	Bonds Payable
Beginning balance	\$ 6,599,244
New debt issues	1,762,500
Principal payments	<u>(1,071,902)</u>
Ending balance	7,289,842
Amounts due within one year	<u>(1,127,077)</u>
Amounts due beyond one year	<u>\$ 6,162,765</u>

Interest expenditures on long-term debt for the year were \$141,484.

The annual requirement to amortize debt outstanding as of June 30, 2019 is as follows:

	Principal	Interest	Payment
Fiscal Year 2020	\$ 1,127,077	\$ 145,996	\$ 1,273,073
Fiscal Year 2021	1,127,077	126,674	1,253,751
Fiscal Year 2022	960,477	107,839	1,068,316
Fiscal Year 2023	820,202	89,908	910,110
Fiscal Year 2024	820,202	71,141	891,343
Fiscal Year 2025-2029	<u>2,434,807</u>	<u>121,526</u>	<u>2,556,333</u>
Totals	<u>\$ 7,289,842</u>	<u>\$ 663,084</u>	<u>\$ 7,952,926</u>

In accordance with 30-A MRSA, Section 5702, as amended, no municipality shall incur debt (a) for school purposes in excess of 10% of its last full state valuation, (b) for storm or sanitary sewer purposes in excess of 7.5% of its last full state valuation, (c) for municipal airport and special district purposes in excess of 3% of its last full state valuation, and (d) for all other purposes in excess of 7.5% of its last full state valuation. In total, a municipality's debt may not exceed 15% of its last full state valuation. The Town's last full state valuation, dated January 22, 2019, was \$1,103,700,000.

At June 30, 2019, the Town only carried debt in the "all other purposes" category. The Town's debt limit for that category of debt was \$82,777,500. The Town's total outstanding debt of \$7,289,842, therefore, is only 8.8% of its total allowable limit.

Note 7 Long-Term Debt (Continued)

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

General obligation bonds issued October 2010, totaling \$1,210,000; annual principal payments of \$121,000 due in November; semi-annual interest payable in November and May; variable interest rate from 2.12% to 3.62% per annum; matures November 2020.	\$ 242,000
General obligation bonds issued October 2011, totaling \$1,402,746; annual principal payments of \$140,275 due in November; semi-annual interest payable in November and May; variable interest rate from 0.50% to 5.50% per annum; matures November 2021.	420,824
General obligation bonds issued October 2013, totaling \$1,030,546; annual principal payments of \$103,055 due in November; semi-annual interest payable in November and May; variable interest rate from 0.45% to 3.12% per annum; matures November 2023.	515,273
General obligation bonds issued May 2015, totaling \$1,088,719; annual principal payments of \$108,872 due in November; semi-annual interest payable in November and May; variable interest rate from 0.35% to 2.74% per annum; matures November 2025.	762,103
General obligation bonds issued October 2015, totaling \$1,461,746; annual principal payments of \$168,975 due in November for fiscal years through 2021; annual principal payments of \$123,375 due in November for fiscal years 2022 through 2026; semi-annual interest payable in November and May; variable interest rate from 0.65% to 2.83% per annum; matures November 2025.	954,822
General obligation bonds issued October 2016, totaling \$1,455,395; annual principal payments of \$145,540 due in November; semi-annual interest payable in November and May; variable interest rate from 1.16% to 2.13% per annum; matures November 2026.	1,164,316
General obligation bonds issued October 2017, totaling \$1,631,115; annual principal payments of \$163,112 due in November; semi-annual interest payable in November and May; variable interest rate from 1.34% to 2.52% per annum; matures November 2027.	1,468,004
General obligation bonds issued October 2018, totaling \$1,762,500; annual principal payments of \$176,250 due in November; semi-annual interest payable in November and May; variable interest rate from 2.20% to 2.99% per annum; matures November 2028.	<u>1,762,500</u>
Total Outstanding Long-term Debt	<u>\$ 7,289,842</u>

Note 8 Short-Term Debt Obligations

During the year, the Town issued \$1,841,000, \$1,000,000 and \$2,150,000 in tax anticipation notes for working operating needs. These notes were paid in full during the year.

Total interest paid on short-term obligations for the year ended June 30, 2019 was \$22,890.

Note 9 Overlapping Debt

The Town's proportionate share of Cumberland County's and Maine School Administrative District No. 6's bonded debt are not reported in the Town's financial statements. Debt service is included in the annual County and School assessments to the Town. The Town's share is \$891,907, or 2.35%, of Cumberland County's outstanding debt of \$37,894,000, and \$5,271,511, or 38.1%, of Maine School Administrative District No. 6's outstanding bonded debt of \$13,835,988.

Note 10 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 position 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 11 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.

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, 2019.

Note 12 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 13 Components of the General Fund's Fund Balance

The General Fund's unassigned fund balance as of June 30, 2019 is \$2,688,624. The remainder of the General Fund's fund balance is composed of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Inventories	\$ 66,685	\$ -	\$ -	\$ -
Prepaid expenses	8,773	-	-	-
Other	160	-	-	-
Impact fees	-	117,763	-	-
G Spenser fund	-	1,421	-	-
J Mucci fund	-	1,518	-	-
Donations	-	-	959	-
Dog park	-	-	7,166	-
Voting machine	-	-	8,033	-
Summer rec scholarship	-	-	5,021	-
Community center	-	-	23,526	-
Conservation	-	-	8,994	-
Government access	-	-	27,138	-
Skate park	-	-	2,194	-
Bond levelization	-	-	583,991	-
Economic development	-	-	73,807	-
Planning projects	-	-	80,677	-
Budgeted deficit	-	-	-	261,960
Carry forwards	-	-	-	52,320
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 75,618</u>	<u>\$ 120,702</u>	<u>\$ 821,506</u>	<u>\$ 314,280</u>

Note 14 Retirement Plan

The Town participates in a 401(a) money purchase retirement plan on behalf of each full-time non-union employee. The plan is a defined contribution plan and is administered by the ICMA Retirement Corporation. The funds are invested in the ICMA Retirement Trust, a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plan. The Town contributes 6% of each qualified employees' earnings for the plan year on condition that each qualified participant contributes 2% of their earnings to the plan. For the fiscal year ending June 30, 2019, the Town's share of the retirement contributions on behalf of the qualified employees amounted to \$106,806. Participants are not fully vested until the fifth year of participation.

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 15 Subsequent Events

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

In September 2019, the Town Council approved a tax anticipation note (TAN) not to exceed \$2,939,000; of which \$2,600,000 was borrowed. TAN proceeds are used for the working operating needs until tax payments start flowing in. The note was fully paid as of November 18, 2019.

In November 2019, the Town issued new debt through the Maine Municipal Bond Bank in the amount of \$1,853,115 to fund approved capital projects.

Budgetary Comparison Schedule

Schedule 1

General Fund ▪ Budgetary Basis

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 13,804,346	\$ 14,096,555	\$ 14,038,329	\$ (58,226)
Non-Property Taxes	1,922,600	1,922,600	2,046,197	123,597
Intergovernmental	908,063	1,052,793	1,083,218	30,425
Licenses and Permits	325,800	325,800	349,431	23,631
Charges for Services	848,833	848,833	739,427	(109,406)
Recreation	-	-	8,341	8,341
Beach passes and fees	39,250	39,250	27,752	(11,498)
Penalties and Interest	55,000	55,000	52,470	(2,530)
Other Revenues	<u>57,000</u>	<u>65,830</u>	<u>111,334</u>	<u>45,504</u>
Total revenues	17,960,892	18,406,661	18,456,499	49,838
Expenditures				
General government	1,522,249	1,533,419	1,440,389	93,030
Public safety	2,047,430	2,069,123	2,048,528	20,595
General assistance	42,056	42,056	38,051	4,005
Public works	1,867,518	1,906,804	1,879,931	26,873
Community service programs	188,766	190,266	177,549	12,717
Benefits and insurance	883,943	883,943	882,980	963
Fixed charges	11,786,085	12,082,813	12,040,697	42,116
Overlay and bad debt	<u>70,345</u>	<u>158,407</u>	<u>223</u>	<u>158,184</u>
Total expenditures	<u>18,408,392</u>	<u>18,866,831</u>	<u>18,508,348</u>	<u>358,483</u>
Revenue Surplus (Deficit)	(447,500)	(460,170)	(51,849)	408,321
Other Financing Sources (Uses)				
Transfers in from other funds	-	-	-	-
Transfers out to other funds	<u>(2,500)</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>
Total other financing	<u>(2,500)</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (450,000)</u>	<u>\$ (462,670)</u>	<u>\$ (54,349)</u>	<u>\$ 408,321</u>
Net Change in Fund Balance				
Nonspendable	\$ -	\$ -	\$ 13,150	
Restricted	-	-	9,006	
Committed	-	-	91,011	
Assigned	(450,000)	(462,670)	(137,220)	
Unassigned	<u>-</u>	<u>-</u>	<u>(30,296)</u>	
	<u>\$ (450,000)</u>	<u>\$ (462,670)</u>	<u>\$ (54,349)</u>	

Note 1 Budgetary Accounting

On an annual basis, the Town legally adopts an appropriated budget for the General Fund. Formal budgetary integration is employed as a management control device. Schedule 1 is prepared on the budgetary basis of accounting that could differ from the modified accrual basis of accounting used to prepare the respective governmental fund financial statements. However, for the fiscal year ended June 30, 2019, there were no differences between the budgetary basis of accounting and the modified accrual basis of accounting.

Note 2 General Fund Budgeted Deficits

For fiscal year 2019, the Town adopted an original budget with a deficit of \$450,000. The deficit was to be funded by the General Fund's unassigned fund balance.

The final budget added \$12,670 to the budgeted deficit due to the approval of fiscal year 2018 unexpended appropriations being carried forward to be expended in fiscal year 2019. Additionally, the final budget increased due to use of committed fund balance for impact fees - expensed out of planning for various engineering or recovery of impact fees – as well as expenditures of FEMA and MEMA grants.

As a result of the above, the final budgeted deficit was \$462,670.

During the year, actual performance resulted in a deficit of \$54,349.

Note 3 Budget Line Over-expenditures

For fiscal year 2019, the Town did not over-expend any of the General Fund's budget lines.

In total, the Town came in under its total budgeted expenditures by \$358,483, which translates to 1.9% under the total final budget.

Budgetary Comparison Schedule

Schedule 2

Recreation Special Revenue Fund ▪ Budgetary Basis

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Recreation Fund Revenues				
Summer program	\$ 114,000	\$ 114,000	\$ 128,633	\$ 14,633
Vacation week programs	9,000	9,000	11,672	2,672
Soccer	5,500	5,500	6,887	1,387
Basketball	1,000	1,000	1,049	49
Special programs	18,000	18,000	19,381	1,381
Before and after school program	168,150	168,150	195,734	27,584
Adult and senior programs	21,000	21,000	35,543	14,543
Summer spectacular	4,500	4,500	2,185	(2,315)
Total revenue	341,150	341,150	401,084	59,934
Recreation Fund Expenditures				
Salaries	237,241	237,241	264,630	(27,389)
Telephone	900	900	900	-
Postage and printing	5,300	5,300	6,003	(703)
Contractual	24,120	24,120	24,794	(674)
Summer program	25,750	25,750	26,574	(824)
Vacation week programs	3,000	3,000	1,801	1,199
Soccer	3,150	3,150	4,728	(1,578)
Basketball	775	775	228	547
Special programs	13,000	13,000	16,143	(3,143)
Before and after school programs	11,232	11,232	13,237	(2,005)
Adult and senior programs	16,600	16,600	29,375	(12,775)
Summer spectacular	4,500	4,500	1,807	2,693
Fuels and vehicle maintenance	1,700	1,700	1,866	(166)
Other commodities	600	600	-	600
New equipment	36,000	36,000	15,538	20,462
Total expenditures	383,868	383,868	407,624	(23,756)
Net Change in Fund Balance	<u>\$ (42,718)</u>	<u>\$ (42,718)</u>	<u>\$ (6,540)</u>	<u>\$ 36,178</u>

Budgetary Comparison Schedule

Schedule 3

2019 Capital Projects Funds ▪ Budgetary Basis

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Interest income	\$ -	\$ -	\$ 7,530	\$ 7,530
Capital Project Expenditures				
General administration	250,000	250,000	40,816	209,184
Public safety	430,200	430,200	242,642	187,558
Parks and recreation	71,600	71,600	-	71,600
Public works	135,000	135,000	128,886	6,114
Highway roads	992,805	992,805	288,774	704,031
Total expenditures	<u>1,879,605</u>	<u>1,879,605</u>	<u>701,118</u>	<u>1,178,487</u>
Revenue Surplus (Deficit)	(1,879,605)	(1,879,605)	(693,588)	1,186,017
Other Financing Sources				
Proceeds from bonds	<u>1,762,500</u>	<u>1,762,500</u>	<u>1,762,500</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (117,105)</u>	<u>\$ (117,105)</u>	<u>\$ 1,068,912</u>	<u>\$ 1,186,017</u>

Schedule of Departmental Operations

Schedule 4

General Fund

For the Year Ended June 30, 2019

	Authorized Expenditures	Actual Expenditures	(Overdrawn) Unexpended	Carried Forward
General Government				
Assessing	\$ 120,642	\$ 119,368	\$ 1,274	\$ -
Code enforcement	100,591	96,497	4,094	-
General administration	332,275	331,621	654	-
Cable television	112,917	108,232	4,685	4,460
Town council	54,289	47,208	7,081	3,500
Town clerk	220,366	209,717	10,649	-
Finance	206,839	203,482	3,357	-
Planning	171,862	123,507	48,355	40,360
Appeals board	497	-	497	-
Building maintenance	213,141	200,757	12,384	-
Total general government	1,533,419	1,440,389	93,030	48,320
Public Safety				
Public safety	1,383,160	1,380,410	2,750	-
Law enforcement	685,963	668,118	17,845	-
Total public safety	2,069,123	2,048,528	20,595	-
General Assistance	42,056	38,051	4,005	-
Public Works				
Public works	1,343,718	1,295,049	48,669	-
Solid waste	563,086	584,882	(21,796)	-
Total public works	1,906,804	1,879,931	26,873	-
Community Service Programs				
Recreation	125,914	119,679	6,235	4,000
Rich memorial beach	37,402	30,920	6,482	-
Donations	26,950	26,950	-	-
Total community service programs	190,266	177,549	12,717	4,000
Benefits and Insurance				
Employee benefits	798,828	804,798	(5,970)	-
Insurance	85,115	78,182	6,933	-
Total benefits and insurance	883,943	882,980	963	-
Fixed Costs and Other				
Debt service	1,278,400	1,236,284	42,116	-
County tax	732,639	732,639	-	-
Education	9,993,619	9,993,619	-	-
TIF District	78,155	78,155	-	-
Overlay and bad debts	158,407	223	158,184	-
Total fixed costs and other	12,241,220	12,040,920	200,300	-
Totals	<u>\$ 18,866,831</u>	<u>\$ 18,508,348</u>	<u>\$ 358,483</u>	<u>\$ 52,320</u>

Comparative Balance Sheets

Schedule 5

General Fund

As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 3,627,625	\$ 3,568,121
Accounts receivable	272,415	225,252
Taxes receivable, net	478,147	466,225
Liens receivable	130,172	93,816
Lien interest and costs receivable	10,275	10,163
Tax acquired property	15,050	35,079
Inventory and prepaid expense	75,458	62,308
Other assets	160	160
Due from other funds	<u>341,481</u>	<u>461,009</u>
Total Assets	<u><u>\$ 4,950,783</u></u>	<u><u>\$ 4,922,133</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 134,121	\$ 168,088
Accrued wages	58,853	53,648
Customer deposits	20,063	10,768
Unearned revenues	9,280	12,422
Due to other funds	<u>268,267</u>	<u>260,979</u>
Total liabilities	490,584	505,905
Deferred Inflows of Resources		
Unavailable property taxes	432,425	334,348
Taxes collected in advance	<u>7,044</u>	<u>6,801</u>
Total deferred inflows of resources	439,469	341,149
Fund Balances		
Nonspendable	75,618	62,468
Restricted	120,702	111,696
Committed	821,506	730,495
Assigned	314,280	451,500
Unassigned	<u>2,688,624</u>	<u>2,718,920</u>
Total fund balances	<u>4,020,730</u>	<u>4,075,079</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 4,950,783</u></u>	<u><u>\$ 4,922,133</u></u>

Summarized Schedule of Changes in Fund Balances

Schedule 6

General Fund

For the Year Ended June 30, 2019

	Beginning Balance	Net Changes	Ending Balance
Nonspendable			
Prepaid expenses, inventories, and other	\$ 62,468	\$ 13,150	\$ 75,618
Restricted			
Impact fees and restricted donations	111,696	9,006	120,702
Committed			
Reserves	730,495	91,011	821,506
Assigned			
Use of fund balance to fund budgeted deficits	450,000	(188,040)	261,960
Unexpended appropriations carried forward	1,500	50,820	52,320
Unassigned	<u>2,718,920</u>	<u>(30,296)</u>	<u>2,688,624</u>
Totals	<u>\$ 4,075,079</u>	<u>\$ (54,349)</u>	<u>\$ 4,020,730</u>

Town of Standish
Other Supplementary Information

	Beginning Balance	Revenues	Transfers In and (Out)	Expenditures	Ending Balance
Nonspendable					
Inventories	\$ 55,148	\$ -	\$ 11,538	\$ -	\$ 66,686
Prepaid expenses	7,160	-	1,612	-	8,772
Other	160	-	-	-	160
Restricted					
G Spencer fund	1,418	4	-	-	1,422
J Mucci fund	1,514	4	-	-	1,518
Impact fees	108,764	10,619	-	(1,620)	117,763
Committed					
Donations	910	49	-	-	959
Dog park	450	6,716	-	-	7,166
Voting machine	8,013	20	-	-	8,033
Summer rec school	5,008	13	-	-	5,021
Community center	23,468	59	-	-	23,527
Conservation	8,971	22	-	-	8,993
Government access	27,070	68	-	-	27,138
Skate park	2,189	5	-	-	2,194
Bond levelization	540,556	43,435	-	-	583,991
Econ development	73,622	184	-	-	73,806
Planning projects	40,238	79	40,360	-	80,677
Assigned					
Budgeted deficit	450,000	-	-	(188,040)	261,960
Carry forwards	1,500	-	50,820	-	52,320
Unassigned	<u>2,718,920</u>	<u>18,395,222</u>	<u>(106,830)</u>	<u>(18,318,688)</u>	<u>2,688,624</u>
Totals	<u>\$ 4,075,079</u>	<u>\$ 18,456,499</u>	<u>\$ (2,500)</u>	<u>\$ (18,508,348)</u>	<u>\$ 4,020,730</u>

Combining Balance Sheet

Schedule 8

Nonmajor Special Revenue Funds

As of June 30, 2019

	Assets			
	Cash	Receivables and Prepaids	Due From Other Funds	Total Assets
Restricted				
Comprehensive plan	\$ -	\$ -	\$ 6,379	\$ 6,379
Standish corner	-	-	4,623	4,623
Family crisis CDBG	-	-	-	-
Steep Falls Library Grant	-	-	-	-
2018 CDBG Grant	-	-	-	-
Cumberland Country RCC Grant	-	-	-	-
TIF district	99,828	-	-	99,828
Committed				
Bottles 4 fuel	10,182	-	-	10,182
Public safety fair	-	-	94	94
Recreation fund	-	9,476	232,306	241,782
Totals	<u>\$ 110,010</u>	<u>\$ 9,476</u>	<u>\$ 243,402</u>	<u>\$ 362,888</u>

	Liabilities and Fund Balances				
	Accounts Payable	Accrued Liabilities	Due To Other Funds	Fund Balance	Total L & FB
Restricted					
Comprehensive plan	\$ -	\$ -	\$ -	\$ 6,379	\$ 6,379
Standish corner	-	-	-	4,623	4,623
Family crisis CDBG	-	-	-	-	-
Steep Falls Library Grant	-	-	-	-	-
2018 CDBG Grant	-	-	-	-	-
Cumberland Country RCC Grant	-	-	-	-	-
TIF district	-	-	-	99,828	99,828
Committed					
Bottles 4 fuel	-	-	14,591	(4,409)	10,182
Public safety fair	-	-	-	94	94
Recreation fund	2,613	149,390	-	89,779	241,782
Totals	<u>\$ 2,613</u>	<u>\$ 149,390</u>	<u>\$ 14,591</u>	<u>\$ 196,294</u>	<u>\$ 362,888</u>

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

Schedule 9

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2019

	Beginning Balance	Program Revenues	Transfers In (Out)	Program Expenditures	Ending Balance
Restricted					
Comprehensive plan	\$ 6,379	\$ -	\$ -	\$ -	\$ 6,379
Standish corner	4,623	-	-	-	4,623
Family crisis CDBG	-	16,237	-	(16,237)	-
Steep Falls Library Grant	-	150,000	-	(150,000)	-
2018 CDBG Grant	-	18,000	-	(18,000)	-
Cumberland Country RCC Grant	-	56,369	-	(56,369)	-
TIF district	21,278	78,550	-	-	99,828
Committed					
Bottles 4 fuel	4,296	6,368	-	(15,073)	(4,409)
Public safety fair	870	960	2,500	(4,236)	94
Recreation fund	96,407	401,084	-	(407,712)	89,779
Totals	<u>\$ 133,853</u>	<u>\$ 727,568</u>	<u>\$ 2,500</u>	<u>\$ (667,627)</u>	<u>\$ 196,294</u>

Combining Balance Sheet

Schedule 10

Nonmajor Capital Projects Funds

As of June 30, 2019

	2014 Capital Projects Fund	2015 Capital Projects Fund	2016 Capital Projects Fund	2017 Capital Projects Fund	2018 Capital Projects Fund	Total
Assets						
Due from other funds	<u>\$ 125,954</u>	<u>\$ 2,158</u>	<u>\$ 117,630</u>	<u>\$ 298,646</u>	<u>\$ 393,207</u>	<u>\$ 937,595</u>
Liabilities						
Accounts payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances						
Restricted	<u>125,954</u>	<u>2,158</u>	<u>117,630</u>	<u>298,646</u>	<u>393,207</u>	<u>937,595</u>
Total Liabilities and Fund Balance	<u>\$ 125,954</u>	<u>\$ 2,158</u>	<u>\$ 117,630</u>	<u>\$ 298,646</u>	<u>\$ 393,207</u>	<u>\$ 937,595</u>

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

Schedule 11

Nonmajor Capital Projects Funds

For the Year Ended June 30, 2019

	2014 Capital Projects Fund	2015 Capital Projects Fund	2016 Capital Projects Fund	2017 Capital Projects Fund	2018 Capital Projects Fund	Total
Revenues						
Interest income	\$ -	\$ -	\$ -	\$ 6,230	\$ 6,982	\$ 13,212
Expenditures						
General Government	-	-	-	-	1,771	1,771
Public safety	-	-	-	-	139,564	139,564
Parks and recreation	-	2,210	19,604	1,656	5,267	28,737
Highway roads	-	-	-	6,009	221,115	227,124
Total expenditures	-	2,210	19,604	7,665	367,717	397,196
Change in Fund Balance	-	(2,210)	(19,604)	(1,435)	(360,735)	(383,984)
Beginning Fund Balance	125,954	4,368	137,234	300,081	753,942	1,321,579
Ending Fund Balance	\$ 125,954	\$ 2,158	\$ 117,630	\$ 298,646	\$ 393,207	\$ 937,595

Combining Balance Sheet

Schedule 12

Nonmajor Permanent Funds

As of June 30, 2019

	Hasty Fund	Wescott Fund	Totals	
			2019	2018
Assets				
Due from general fund	\$ 15,205	\$ 9,540	\$ 24,745	\$ 24,684
Fund Balances				
Nonspendable - permanent	\$ 14,911	\$ 5,047	\$ 19,958	\$ 19,958
Restricted - expendable	294	4,493	4,787	4,726
	\$ 15,205	\$ 9,540	\$ 24,745	\$ 24,684

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

Schedule 13

Nonmajor Permanent Funds

For the Year Ended June 30, 2019

	Hasty Fund	Wescott Fund	Totals	
			2019	2018
Revenues				
Interest	\$ 37	\$ 24	\$ 61	\$ 105
Expenditures	-	-	-	-
Surplus Revenues	37	24	61	105
Beginning Fund Balances	<u>15,168</u>	<u>9,516</u>	<u>24,684</u>	<u>24,579</u>
Ending Fund Balances	<u>\$ 15,205</u>	<u>\$ 9,540</u>	<u>\$ 24,745</u>	<u>\$ 24,684</u>

Note 1: Capital Projects Fund Budgetary Comparison Schedule

On an annual basis, the Town adopts an appropriated budget that contemplates operational expenditures for the General Fund, the Recreation Special Revenue Fund, and the current year Capital Projects Fund. The budgetary comparison schedule is required supplementary information (RSI) for the General Fund and for major special revenue funds with legally adopted budgets, whereas the budgetary comparison schedule for the 2019 Capital Projects Fund and the non-major Recreation Special Revenue Fund are not required supplementary information. Management presents the budgetary comparison schedule for the Recreation Special Revenue Fund (Schedule 2) and the 2019 Capital Projects Fund (Schedule 3) as other supplementary information for purposes of additional analysis.

On a budgetary basis, the Recreation Special Revenue Fund ran a deficit for the year in the amount of \$6,540. The recreation program took in approximately \$60,000 more in revenue than was originally estimated. The driver of expense overage is due to another staff going full-time halfway through the year that wasn't budgeted for.

On a budgetary basis, the 2019 Capital Projects Fund ran a surplus for the year in the amount of \$1,068,912. Surpluses will be used in future years to complete approved capital projects.

**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 Standish

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Standish, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Standish's basic financial statements, and have issued our report thereon dated **Date xx, 2019**.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
December 10, 2018