

Audited Financial Statements  
and Other Financial Information

**Town of Sabattus, Maine**

June 30, 2019



*Proven Expertise & Integrity*

TOWN OF SABATTUS, MAINE

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JUNE 30, 2019

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## INDEPENDENT AUDITORS' REPORT

Selectboard  
Town of Sabattus  
Sabattus, 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 Sabattus, Maine, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Sabattus, Maine's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Sabattus, Maine as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 10 pages 45 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sabattus, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2020, on our consideration of the Town of Sabattus, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sabattus, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
February 19, 2020

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Sabattus, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Sabattus' basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension information and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have one column for the Town's one type of activity. The type of activity presented for the Town of Sabattus is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, sanitation, recreation, education and unclassified.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Sabattus, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Sabattus are categorized as governmental funds.

*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 in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Sabattus presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pension and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position decreased by \$80,103 from \$5,139,589 to \$5,059,486.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$3,424,209 at the end of this year.

**Table 1**  
**Town of Sabattus, Maine**  
**Net Position**  
**June 30,**

	<b>2019</b>	<b>2018 (Restated)</b>
<b>Assets</b>		
Current Assets	\$ 3,743,583	\$ 3,271,461
Other Assets	2,564,400	2,991,800
Noncurrent Assets	3,064,725	3,226,821
Total Assets	<u>9,372,708</u>	<u>9,490,082</u>
 <b>Deferred Outflows of Resources</b>		
Deferred Outflows Related to Pensions	185,250	185,796
Total Deferred Outflows of Resources	<u>185,250</u>	<u>185,796</u>
 <b>Liabilities</b>		
Current Liabilities	826,207	653,785
Noncurrent Liabilities	3,565,591	3,703,385
Total Liabilities	<u>4,391,798</u>	<u>4,357,170</u>
 <b>Deferred Inflows of Resources</b>		
Prepaid Taxes	21,423	21,735
Deferred Inflows Related to Pensions	85,251	157,384
Total Deferred Inflows of Resources	<u>106,674</u>	<u>179,119</u>
 <b>Net Position</b>		
Net Investment in Capital Assets	1,622,875	2,290,188
Restricted	12,402	12,464
Unrestricted	3,424,209	2,836,937
Total Net Position	<u>\$ 5,059,486</u>	<u>\$ 5,139,589</u>

### **Revenues and Expenses**

Revenues for the Town's governmental activities increased by 3.26%, while total expenses increased by 9.32%. The increase in revenues was mostly due to taxes and grants and contributions not restricted to specific purposes. The increase in expenses was primarily due to an increase in capital outlay.

**Table 2**  
**Town of Sabattus, Maine**  
**Changes in Net Position**  
**For the Years Ended June 30,**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 127,553	\$ 117,179
Operating grants and contributions	42,136	42,504
<i>General Revenues:</i>		
Taxes	6,232,616	6,117,835
Grants and contributions not restricted to specific programs	650,159	564,523
Investment income	26,769	11,835
Other income	79,796	79,265
Total Revenues	<u>7,159,029</u>	<u>6,933,141</u>
<b>Expenses</b>		
General government	1,019,308	966,055
Public safety	852,472	773,479
Public works	681,299	638,664
Sanitation	210,426	203,785
General assistance	892	-
Recreation	3,500	3,500
Education	3,197,771	3,273,596
County tax	349,252	331,827
Capital outlay	742,872	-
Overlay	4,974	4,877
Unclassified	105,209	345,948
Interest on long-term debt	22,400	27,492
Unallocated depreciation (Note 4)	48,757	52,671
Total Expenses	<u>7,239,132</u>	<u>6,621,894</u>
Change in Net Position	(80,103)	311,247
Net Position - July 1, Restated	<u>5,139,589</u>	<u>4,828,342</u>
Net Position - June 30	<u>\$ 5,059,486</u>	<u>\$ 5,139,589</u>

### Financial Analysis of the Town's Fund Statements

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

**Table 3**  
**Town of Sabattus, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<b>2019</b>	<b>2018 (Restated)</b>
Major Funds:		
General Fund:		
Nonspendable	\$ 48,716	\$ 39,294
Assigned	319,089	127,254
Unassigned	2,093,531	1,990,893
Total Major Funds	<u>\$ 2,461,336</u>	<u>\$ 2,157,441</u>
Nonmajor Funds:		
Special Revenue Funds:		
Committed	\$ 250,588	\$ 317,113
Unassigned	(87,517)	(62,475)
Capital Projects Funds:		
Assigned	962,773	596,042
Unassigned	(82,593)	(19,918)
Permanent Funds:		
Restricted	12,402	12,464
Total Nonmajor Funds	<u>\$ 1,055,653</u>	<u>\$ 843,226</u>

The general fund total fund balance increased by \$303,895 from the prior fiscal year due to revenues in excess of expenditures and net transfers to other funds. The nonmajor fund balances increased by \$212,427 from the prior fiscal year due to revenues, notes from direct borrowings payable proceeds and net transfers from other funds in excess of expenditures.

### **Budgetary Highlights**

The only difference between the original budget and final budget for the general fund was an increase in expenditures funded through an additional use of unassigned fund balance.

The general fund actual revenues exceeded the budget by \$372,747. This was a result of all revenue categories being receipted in excess of the budgeted amounts with the exception of other intergovernmental revenue.

The general fund actual expenditures were below budget by \$196,043. All expenditure categories were within or below budget with the exception of sanitation.

## **Capital Asset and Debt Administration**

### **Capital Assets**

As of June 30, 2019, the net book value of capital assets recorded by the Town decreased by \$162,096 from the prior year. This decrease was due to current year capital additions of \$108,646 less depreciation expense of \$270,742. Refer to Note 5 of Notes to Financial Statements for more detailed information.

**Table 4**  
**Town of Sabattus, Maine**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<u>2019</u>	<u>2018</u>
Land	\$ 117,491	\$ 117,491
Buildings, building improvements and land improvements	963,990	1,014,567
Machinery, equipment and vehicles	856,863	914,623
Infrastructure	<u>1,126,381</u>	<u>1,180,140</u>
Total	<u>\$ 3,064,725</u>	<u>\$ 3,226,821</u>

### **Debt**

At June 30, 2019, the Town had \$4,006,250 in bonds and notes from direct borrowings payable outstanding versus \$3,928,433 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

### **Currently Known Facts, Decisions or Conditions**

#### **Economic Factors and Next Year's Budgets and Rates**

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

#### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at P.O. Box 190, Sabattus, Maine 04280.

## STATEMENT A

## TOWN OF SABATTUS, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,179,137
Investments	178,905
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	265,354
Other	1,199
Due from other governments	70,272
Prepaid items	9,422
Inventory	13,334
Tax acquired property	25,960
Total current assets	<u>3,743,583</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 4	2,564,400
Capital assets:	
Land and other assets not being depreciated	117,491
Depreciable assets, net of accumulated depreciation	2,947,234
Total noncurrent assets	<u>5,629,125</u>
<b>TOTAL ASSETS</b>	<u>9,372,708</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	185,250
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>185,250</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 9,557,958</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 4,101
Current portion of long-term obligations	822,106
Total current liabilities	<u>826,207</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	2,678,000
Notes from direct borrowings payable	511,336
Accrued compensated absences	98,645
Net pension liability	277,610
Total noncurrent liabilities	<u>3,565,591</u>
<b>TOTAL LIABILITIES</b>	<u>4,391,798</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	21,423
Deferred inflows related to pensions	85,251
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>106,674</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,622,875
Restricted	12,402
Unrestricted	3,424,209
<b>TOTAL NET POSITION</b>	<u>5,059,486</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 9,557,958</u>

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

## TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 1,019,308	\$ 56,256	\$ -	\$ -	\$ (963,052)
Public safety	852,472	539	-	-	(851,933)
Public works	681,299	26,928	42,136	-	(612,235)
Sanitation	210,426	43,830	-	-	(166,596)
General assistance	892	-	-	-	(892)
Recreation	3,500	-	-	-	(3,500)
Education	3,197,771	-	-	-	(3,197,771)
County tax	349,252	-	-	-	(349,252)
Capital outlay	742,872	-	-	-	(742,872)
Overlay	4,974	-	-	-	(4,974)
Unclassified	105,209	-	-	-	(105,209)
Interest on long-term debt	22,400	-	-	-	(22,400)
Unallocated depreciation (Note 4)*	48,757	-	-	-	(48,757)
Total government	<u>\$ 7,239,132</u>	<u>\$ 127,553</u>	<u>\$ 42,136</u>	<u>\$ -</u>	<u>(7,069,443)</u>

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

STATEMENT B (CONTINUED)

TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(7,069,443)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	5,249,564
Excise taxes	983,052
Grants and contributions not restricted to specific programs	650,159
Investment income	26,769
Other income	79,796
Total general revenues	<u>6,989,340</u>
Change in net position	(80,103)
NET POSITION - JULY 1, RESTATED	<u>5,139,589</u>
NET POSITION - JUNE 30	<u><u>\$ 5,059,486</u></u>

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

## TOWN OF SABATTUS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,176,847	\$ 2,290	\$ 3,179,137
Investments	168,793	10,112	178,905
Accounts receivable (net of allowance for uncollectibles):			
Taxes	10,633	-	10,633
Liens	254,721	-	254,721
Other	1,199	-	1,199
Due from other governments	70,272	-	70,272
Prepaid items	9,422	-	9,422
Inventory	13,334	-	13,334
Tax acquired property	25,960	-	25,960
Due from other funds	170,110	1,213,361	1,383,471
<b>TOTAL ASSETS</b>	<u>\$ 3,901,291</u>	<u>\$ 1,225,763</u>	<u>\$ 5,127,054</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,101	\$ -	\$ 4,101
Due to other funds	1,213,361	170,110	1,383,471
<b>TOTAL LIABILITIES</b>	<u>1,217,462</u>	<u>170,110</u>	<u>1,387,572</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	21,423	-	21,423
Deferred revenue	201,070	-	201,070
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>222,493</u>	<u>-</u>	<u>222,493</u>
<b>FUND BALANCES</b>			
Nonspendable	48,716	-	48,716
Restricted	-	12,402	12,402
Committed	-	250,588	250,588
Assigned	319,089	962,773	1,281,862
Unassigned	2,093,531	(170,110)	1,923,421
<b>TOTAL FUND BALANCES</b>	<u>2,461,336</u>	<u>1,055,653</u>	<u>3,516,989</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 3,901,291</u>	<u>\$ 1,225,763</u>	<u>\$ 5,127,054</u>

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

## TOWN OF SABATTUS, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019

	Total Governmental Funds
Total Fund Balances	\$ 3,516,989
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	3,064,725
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	185,250
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 4	2,564,400
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	201,070
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(3,259,400)
Notes from direct borrowings payable	(746,850)
Accrued compensated absences	(103,837)
Net pension liability	(277,610)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(85,251)
Net position of governmental activities	<u>\$ 5,059,486</u>

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

## TOWN OF SABATTUS, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 5,282,094	\$ -	\$ 5,282,094
Excise taxes	983,052	-	983,052
Intergovernmental revenues:			
State revenue sharing	336,475	-	336,475
Homestead exemption	283,439	-	283,439
Grants/other	12,376	60,005	72,381
Charges for services	127,553	-	127,553
Investment income	26,647	122	26,769
Other revenue	77,048	2,748	79,796
TOTAL REVENUES	<u>7,128,684</u>	<u>62,875</u>	<u>7,191,559</u>
EXPENDITURES			
Current:			
General government	1,118,812	-	1,118,812
Public safety	773,339	-	773,339
Public works	546,641	-	546,641
Sanitation	206,146	-	206,146
General assistance	892	-	892
Recreation	3,500	-	3,500
County tax	349,252	-	349,252
Education	3,197,771	-	3,197,771
Unclassified	81,301	23,908	105,209
Overlay	4,974	-	4,974
Debt service			
Principal	-	205,283	205,283
Interest	-	22,400	22,400
Capital outlay	-	851,518	851,518
TOTAL EXPENDITURES	<u>6,282,628</u>	<u>1,103,109</u>	<u>7,385,737</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>846,056</u>	<u>(1,040,234)</u>	<u>(194,178)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from note issuance	-	710,500	710,500
Transfers in	86,786	628,947	715,733
Transfers (out)	(628,947)	(86,786)	(715,733)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(542,161)</u>	<u>1,252,661</u>	<u>710,500</u>
NET CHANGE IN FUND BALANCES	303,895	212,427	516,322
FUND BALANCES - JULY 1, RESTATED	<u>2,157,441</u>	<u>843,226</u>	<u>3,000,667</u>
FUND BALANCES - JUNE 30	<u>\$ 2,461,336</u>	<u>\$ 1,055,653</u>	<u>\$ 3,516,989</u>

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

## TOWN OF SABATTUS, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 516,322</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset acquisitions	108,646
Depreciation expense	<u>(270,742)</u>
	<u>(162,096)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(546)</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(32,530)</u>
Payment of receivable for long-term debt obligations from RSU No. 4	<u>(427,400)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>632,683</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>72,133</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	7,084
Net pension liability	<u>24,747</u>
	<u>31,831</u>
Change in net position of governmental activities (Statement B)	<u>\$ (80,103)</u>

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Sabattus was incorporated under the laws of the State of Maine. The Town operates under the selectmen-town manager form of government and provides the following services: general government services, public safety, public works, sanitation, general assistance, recreation, education and unclassified.

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

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

**Implementation of New Accounting Standards**

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Government-Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major and nonmajor funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

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

1. Governmental Funds:

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

**Major Fund**

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

**Nonmajor Funds**

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

The Town of Sabattus has no formal investment policy but instead follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$71,471 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2019.

**Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). In the general fund, inventory consists of diesel fuel and gasoline.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Interfund Receivables and Payables**

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

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

All long-term obligations to be repaid from governmental resources is reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

The Town has long-term debt in its name that was incurred for school purposes. Although the assets were transferred to the new RSU, the Town still maintains this debt in its name. According to the new RSU agreement, the RSU will take over the payment of this debt. Hence, an offsetting receivable has been recorded in the amount of debt outstanding.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Net Position**

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

**Fund Balance**

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

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

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Selectboard.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one type of this item, deferred outflows related to pensions that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied July 17, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due on September 4, 2018 and March 1, 2019. Interest on unpaid taxes commenced on September 5, 2018 and March 2, 2019, at 7% per annum.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$76,426 for the year ended June 30, 2019.

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

**Program Revenues**

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

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

**Deposits:**

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

At June 30, 2019, the Town's cash balance amounting to \$3,179,137 was comprised of bank deposits of \$3,336,035. All of these deposits were fully covered by federal depository insurance and not exposed to custodial credit risk or were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 217,008
Sweep account	3,116,737
Savings accounts	2,290
	<u>\$ 3,336,035</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in certificates of deposits of \$178,905 was fully insured by federal depository insurance and not exposed to custodial credit risk.

At June 30, 2019, the Town had the following investments and maturities:

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Certificates of deposit	<u>\$ 178,905</u>	<u>\$ -</u>	<u>\$ 178,905</u>	<u>\$ -</u>

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

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

NOTE 3 - LONG-TERM RECEIVABLE

As of July 1, 2010, the Sabattus School Department became a member of Regional School Unit (RSU) No. 4. The RSU Plan requires that the RSU be responsible for payment of all school-related long-term debt on behalf of the Town. As of June 30, 2019, a long-term receivable has been recorded for \$2,564,400, which represents school-related general obligation bonds. The State of Maine Department of Education is responsible for paying approximately 100 percent of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019, consisted of the following individual receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 170,110	\$ 1,213,361
Nonmajor special revenue funds	250,588	87,517
Nonmajor capital projects funds	962,773	82,593
	<u>\$ 1,383,471</u>	<u>\$ 1,383,471</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance 7/1/18	Additions	Disposals	Balance 6/30/19
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 117,491	\$ -	\$ -	\$ 117,491
Depreciated assets:				
Land improvements	191,683	-	-	191,683
Buildings and improvements	1,730,703	-	-	1,730,703
Machinery, equipment and vehicles	3,360,571	108,646	-	3,469,217
Infrastructure	1,337,700	-	-	1,337,700
	6,620,657	108,646	-	6,729,303
Less: accumulated depreciation	(3,511,327)	(270,742)	-	(3,782,069)
	3,109,330	(162,096)	-	2,947,234
Net capital assets	<u>\$ 3,226,821</u>	<u>\$ (162,096)</u>	<u>\$ -</u>	<u>\$ 3,064,725</u>
<u>Current year depreciation:</u>				
General government				\$ 3,914
Fire				47,408
Police				31,725
Public works				134,658
Transfer station				4,280
Town-wide				48,757
Total depreciation expense				<u>\$ 270,742</u>

TOWN OF SABATTUS, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2019:

	Balance 7/1/18	Additions	Reductions	Balance 6/30/19	Current Portion
Bonds payable	\$ 3,840,800	\$ -	\$ (581,400)	\$ 3,259,400	\$ 581,400
Notes from direct borrowings payable	87,633	710,500	(51,283)	746,850	235,514
	<u>\$ 3,928,433</u>	<u>\$ 710,500</u>	<u>\$ (632,683)</u>	<u>\$ 4,006,250</u>	<u>\$ 816,914</u>

The following is a summary of the outstanding bonds payable:

Bonds payable:

\$750,000, Road Construction Bond with Camden National Bank. Interest at a fixed rate of 2.14% per annum with annual principal payments of \$75,000. Matures in September of 2022.	\$ 300,000
\$790,000, Town Office Building Bond with Camden National Bank. Interest at a fixed rate of 2.49% per annum with annual principal payments of \$79,000. Matures in October of 2023.	395,000
\$5,128,800, 2005 Series B Elementary School Bond Payable. Interest at a fixed rate ranging from 3% to 7% per annum with annual principal payments of \$427,400. Matures in October of 2024.	<u>2,564,400</u>
Total bonds payable	<u>\$ 3,259,400</u>

Notes from direct borrowings payable:

Lease payable for public works dump truck. The lease is for five years with annual payments of \$32,740. The effective interest rate is fixed at 2.88% per annum. Maturity in November of 2019.	\$ 31,823
Lease payable for public works tractor. The lease is for five years with annual payments of \$4,527. The effective interest rate is fixed at 2.88% per annum. Maturity in December of 2019.	4,527

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Note payable for the rehabilitation and construction of the Williams Road. The note is for five years with annual payments of \$78,592. The effective interest rate is fixed at 2.95% per annum. Maturity in September of 2023. 360,000

Note payable for the demolition of Webster Mill. The note is for three years with annual payments of \$114,530. The effective interest rate is fixed at 2.95% per annum. Maturity in September of 2021. 324,000

Note payable for the rehabilitation and construction of the Williams Road. The note is for five years with an annual payment of \$26,500. The effective interest rate is fixed at 2.95% per annum. Maturity in September of 2019. 26,500

Total notes from direct borrowings payable \$ 746,850

The following is a summary of outstanding bond and notes from direct borrowings payable principal and interest requirements for the following fiscal years ending June 30:

	Bonds Payable		Notes from Direct Borrowings Payable	
	Principal	Interest	Principal	Interest
2020	\$ 581,400	\$ 113,757	\$ 235,514	\$ 22,264
2021	581,400	92,051	177,786	15,336
2022	581,400	70,511	183,146	9,976
2023	581,400	48,416	74,094	4,499
2024	506,400	26,030	76,310	2,282
2025-2029	427,400	32,286	-	-
	<u>\$ 3,259,400</u>	<u>\$ 383,051</u>	<u>\$ 746,850</u>	<u>\$ 54,357</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2019:

	Balance 7/1/18	Additions	Reductions	Balance 6/30/19	Current Portion
Accrued compensated absences	\$ 110,921	\$ -	\$ (7,084)	\$ 103,837	\$ 5,192
Net pension liability	302,357	-	(24,747)	277,610	-
Total	<u>\$ 413,278</u>	<u>\$ -</u>	<u>\$ (31,831)</u>	<u>\$ 381,447</u>	<u>\$ 5,192</u>

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

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2019, the Town's liability for compensated absences is \$103,837.

NOTE 9 - NONSPENDABLE FUND BALANCES

At June 30, 2019, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 9,422
Inventory	13,334
Tax acquired property	25,960
	<u>\$ 48,716</u>

NOTE 10 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Nonmajor permanent funds (Schedule I)	<u>\$ 12,402</u>
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TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2019, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	<u>\$ 250,588</u>
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NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

General fund:	
Planning board carryforward	\$ 2,254
Capital equipment	1,373
Public works generator	21,000
Reserved for FY 2020 budget	294,462
Nonmajor capital projects funds (Schedule G)	962,773
	<u>\$ 1,281,862</u>

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2019, the Town had the following deficit fund balances:

MMA safety grant	\$ 2,905
Highway safety	13,869
Health/PTO reimbursement plan	6,975
Fire grant	50,956
Police grants	9,900
Webster Mill	2,912
Public works equipment	54,350
Municipal office equipment	5,293
Municipal building facilities	22,950
	<u>\$ 170,110</u>

NOTE 14 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION-RETIREMENT  
CORPORATION

**Plan Description**

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City

## TOWN OF SABATTUS, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

#### NOTE 14 - DEFERRED COMPENSATION PLAN (CONTINUED)

Management Association Retirement Corporation (ICMA-RC). The plan, available to all Town employees, permits them to defer a portion of their salary, in addition to Town contributions, until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

#### **Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. The Town will contribute 5% of normal compensation for the plan year, exclusive of overtime compensation for employees that participate in the Town's defined benefit plan. The employee's and the Town's matching contribution vests 100% with the employee when contributed. The Town's contributions to the plan including employee contributions for 2019, 2018 and 2017 were \$44,582, \$41,027 and \$63,553, respectively.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Accordingly, the assets and related earnings on plan assets are not included in the financial statements of the Town.

#### NOTE 15 - DEFINED BENEFIT PENSION PLAN

#### MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

#### **Plan Description**

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (800) 451-9800.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2018, there were 304 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.4%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's plan members are required to contribute 8.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.8% of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2019 was \$65,482.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the Town reported a liability of \$277,610 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

measured as of June 30, 2018 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2018, the Town's proportion was 0.101437%, which was an increase of 0.02759% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized total pension revenue of \$96,334. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 869	\$ 3,049
Changes of assumptions	44,309	-
Net difference between projected and actual earnings on pension plan investments	-	67,032
Changes in proportion and differences between contributions and proportionate share of contributions	74,590	15,170
Contributions subsequent to the measurement date	65,482	-
Total	<u>\$ 185,250</u>	<u>\$ 85,251</u>

\$65,482 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Year ended June 30:	
2019	\$ 58,548
2020	38,894
2021	(45,601)
2022	(17,325)
2023	-
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

*Investment Rate of Return* - 6.75% per annum for the year ended June 30, 2018; the rate was 6.875% in 2017, compounded annually.

*Salary Increases, Merit and Inflation* - 2.75% to 9.00% per year

*Mortality Rates* - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

*Cost of Living Benefit Increases* - 1.91%; in 2017 the rate was 2.20%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2018 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2018. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2018 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for the PLD Consolidated Plan.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 654,290	\$ 277,610	\$ (74,482)

**Changes in Net Pension Liability**

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2018 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2018, this was three years; prior to 2018, this was four years for the PLD Consolidated Plan.

*Differences between Projected and Actual Investment Earnings*

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (800) 451-9800.

NOTE 16 - EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2019, the Town had an overdraft in the following line item:

Sanitation	\$ 468
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NOTE 17 - RISK MANAGEMENT

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies’ reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town has its liability insurance through the Kyes Agency Inc. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the policy, coverage is provided after the \$1,000 deductible is met, to \$4,377,412. Under the general liability portion of the policy, coverage is provided after the deductible is met, to \$1,000,000 per occurrence and \$3,000,000 in total. For the law enforcement liability, the coverage is \$1,000,000 per occurrence and in total with a \$2,500 deductible. For the public official liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible. Under the employment practices liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - RISK MANAGEMENT (CONTINUED)

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2019. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 18 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 19 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 20 - RESTATEMENT

The beginning general fund total fund balance and governmental activities net position were both restated as of July 1, 2018 to correct certain balance sheet items that were previously misstated. The general fund beginning fund balance was restated by \$119,702 from \$2,037,739 to \$2,157,441 and the beginning balance of the governmental activities' net position increased from \$5,019,887 to \$5,139,589.

### Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Notes to Required Supplementary Information

## TOWN OF SABATTUS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 2,157,441	\$ 2,157,441	\$ 2,157,441	\$ -
Resources (Inflows):				
Property taxes	5,250,302	5,250,302	5,282,094	31,792
Excise taxes	754,556	754,556	983,052	228,496
Intergovernmental:				
State revenue sharing	300,000	300,000	336,475	36,475
Homestead exemption	283,439	283,439	283,439	-
Other intergovernmental	13,221	13,221	12,376	(845)
Charges for services	90,719	90,719	127,553	36,834
Investment income	3,200	3,200	26,647	23,447
Other revenue	60,500	60,500	77,048	16,548
Transfers from other funds	86,786	86,786	86,786	-
Amounts Available for Appropriation	<u>9,000,164</u>	<u>9,000,164</u>	<u>9,372,911</u>	<u>372,747</u>
Charges to Appropriations (Outflows):				
General government	1,137,805	1,137,805	1,118,812	18,993
Public safety	821,050	821,050	773,339	47,711
Public works	578,033	578,033	546,641	31,392
Sanitation	205,678	205,678	206,146	(468)
General assistance	2,000	2,000	892	1,108
Recreation	3,500	3,500	3,500	-
County tax	349,252	349,252	349,252	-
Education	3,197,772	3,197,772	3,197,771	1
Capital outlay	70,350	107,155	81,301	25,854
Overlay	76,426	76,426	4,974	71,452
Transfers to other funds	628,947	628,947	628,947	-
Total Charges to Appropriations	<u>7,070,813</u>	<u>7,107,618</u>	<u>6,911,575</u>	<u>196,043</u>
Budgetary Fund Balance, June 30	<u>\$ 1,929,351</u>	<u>\$ 1,892,546</u>	2,461,336	<u>\$ 568,790</u>
Utilization of unassigned fund balance	<u>\$ 228,090</u>	<u>\$ 264,895</u>	-	<u>\$ (264,895)</u>
Differences - budget to GAAP:				
Add: RSU 4 debt payments			544,185	
Less: RSU 4 debt service			(544,185)	
GAAP Fund Balance, June 30			<u>\$ 2,461,336</u>	

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

## TOWN OF SABATTUS, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	2019	2018	2017	2016	2015
<u>PLD Plan:</u>					
Proportion of the net pension liability (asset)	0.10%	0.07%	0.08%	0.09%	0.09%
Proportionate share of the net pension liability (asset)	\$ 277,610	\$ 302,357	\$ 434,852	\$ 278,636	\$ 132,670
Covered payroll	\$ 516,452	\$ 419,734	\$ 457,679	\$ 459,815	\$ 420,588
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	53.75%	72.04%	95.01%	60.60%	31.54%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	81.60%	88.27%	94.10%

\* The amounts presented for each fiscal year are as of June 30 and are for those years for which information is available.

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

## TOWN OF SABATTUS, MAINE

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	2019	2018	2017	2016	2015
<u>PLD Plan:</u>					
Contractually required contribution	\$ 65,482	\$ 55,034	\$ 37,743	\$ 37,356	\$ 35,699
Contributions in relation to the contractually required contribution	<u>(65,482)</u>	<u>(55,034)</u>	<u>(37,743)</u>	<u>(37,356)</u>	<u>(35,699)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 556,587	\$ 516,452	\$ 419,734	\$ 457,679	\$ 459,815
Contributions as a percentage of covered payroll	11.76%	10.66%	8.99%	8.16%	7.76%

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

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

TOWN OF SABATTUS, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019

**Changes of Assumptions**

For the PLD Consolidated Plan, the discount rate was reduced from 6.875% to 6.75%. In addition, the cost of living benefit increases for the PLD Plan decreased from 2.20% to 1.91%.

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

### Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

## TOWN OF SABATTUS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 5,250,302	\$ 5,250,302	\$ 5,282,094	\$ 31,792
Motor vehicle excise	750,056	750,056	978,004	227,948
Boat excise	4,500	4,500	5,048	548
Intergovernmental revenues:				
State revenue sharing	300,000	300,000	336,475	36,475
Homestead exemption	283,439	283,439	283,439	-
Tree growth	8,000	8,000	6,471	(1,529)
Veterans' reimbursement	5,000	5,000	5,670	670
Other state/federal funds	221	221	235	14
Charges for services:				
Town clerk fees	23,850	23,850	27,774	3,924
Permits and fees	850	850	1,587	737
Code enforcement	10,000	10,000	26,115	16,115
Animal control	100	100	200	100
Planning board	2,000	2,000	780	(1,220)
Transfer station	35,000	35,000	43,830	8,830
Public safety	100	100	339	239
Public works	18,819	18,819	26,928	8,109
Investment income:				
Regular investment income	3,200	3,200	26,647	23,447
Other revenues:				
Fees/interest on taxes	25,500	25,500	42,416	16,916
Insurance dividends	-	-	(4,521)	(4,521)
Gain sale of fuel	2,000	2,000	2,302	302
SSD administration	33,000	33,000	34,000	1,000
Miscellaneous	-	-	2,851	2,851
Transfers from other funds	86,786	86,786	86,786	-
Amounts Available for Appropriation	<u>\$ 6,842,723</u>	<u>\$ 6,842,723</u>	<u>\$ 7,215,470</u>	<u>\$ 372,747</u>

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

## TOWN OF SABATTUS, MAINE

**SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>					
Administration	\$ 335,306	\$ -	\$ 335,306	\$ 335,654	\$ (348)
Wage adjustment	30,000	-	30,000	15,000	15,000
Social security and medicare	200,781	-	200,781	198,392	2,389
Insurance	348,032	-	348,032	338,660	9,372
Boards and committees	20,500	-	20,500	17,329	3,171
Animal control officer	30,878	-	30,878	29,931	947
Code enforcement officer	23,250	-	23,250	22,567	683
Androscoggin Valley Council of Gov.	5,100	-	5,100	5,072	28
MMA dues	4,600	-	4,600	4,752	(152)
Non-profit	6,200	-	6,200	6,200	-
Veterans Memorial Park	3,100	-	3,100	558	2,542
Professional services	65,000	-	65,000	76,541	(11,541)
Operational utilities	65,058	-	65,058	68,156	(3,098)
Total	1,137,805	-	1,137,805	1,118,812	18,993
<b>PUBLIC SAFETY</b>					
Police department	508,748	-	508,748	472,631	36,117
Fire department	142,209	-	142,209	142,297	(88)
Fire hydrants	71,963	-	71,963	71,932	31
EMS	14,500	-	14,500	9,038	5,462
Emergency management	2,800	-	2,800	1,604	1,196
Dispatch and E911/PSAP	65,830	-	65,830	60,594	5,236
Street lights	15,000	-	15,000	15,243	(243)
Total	821,050	-	821,050	773,339	47,711
<b>PUBLIC WORKS</b>					
Public works	549,033	-	549,033	523,527	25,506
Stormwater management	29,000	-	29,000	23,114	5,886
Total	578,033	-	578,033	546,641	31,392
<b>SANITATION</b>					
S.R.S.W.T.S.	205,678	-	205,678	206,146	(468)
Total	205,678	-	205,678	206,146	(468)
<b>GENERAL ASSISTANCE</b>	2,000	-	2,000	892	1,108
<b>RECREATION</b>					
Sabattus Lake Dam Commission	2,000	-	2,000	2,000	-
Sabattus Mountaineers Snowmobile	1,500	-	1,500	1,500	-
Total	3,500	-	3,500	3,500	-

SCHEDULE B (CONTINUED)

TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
TRANSFERS TO OTHER FUNDS					
Municipal building facilities	169,070	-	169,070	169,070	-
Fire department	25,000	-	25,000	25,000	-
Public works	53,875	-	53,875	53,875	-
Police dept equipment	63,450	-	63,450	63,450	-
Transfer station equipment	26,500	-	26,500	26,500	-
Transfer station facilities	213,952	-	213,952	213,952	-
Williams Road bond payments	77,100	-	77,100	77,100	-
Total	<u>628,947</u>	<u>-</u>	<u>628,947</u>	<u>628,947</u>	<u>-</u>
	699,297				
OTHER GOVERNMENTAL APPROPRIATIONS					
School appropriations	3,197,772	-	3,197,772	3,197,771	1
Sabattus county tax	<u>349,252</u>	<u>-</u>	<u>349,252</u>	<u>349,252</u>	<u>-</u>
Total	<u>3,547,024</u>	<u>-</u>	<u>3,547,024</u>	<u>3,547,023</u>	<u>1</u>
CAPITAL OUTLAY	<u>70,350</u>	<u>36,805</u>	<u>107,155</u>	<u>81,301</u>	<u>25,854</u>
OVERLAY/ABATEMENTS	<u>76,426</u>	<u>-</u>	<u>76,426</u>	<u>4,974</u>	<u>71,452</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 7,070,813</u>	<u>\$ 36,805</u>	<u>\$ 7,107,618</u>	<u>\$ 6,911,575</u>	<u>\$ 196,043</u>

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

## TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 2,290	\$ 2,290
Investments	-	-	10,112	10,112
Due from other funds	250,588	962,773	-	1,213,361
TOTAL ASSETS	<u>\$ 250,588</u>	<u>\$ 962,773</u>	<u>\$ 12,402</u>	<u>\$ 1,225,763</u>
LIABILITIES				
Due to other funds	\$ 87,517	\$ 82,593	\$ -	\$ 170,110
TOTAL LIABILITIES	<u>87,517</u>	<u>82,593</u>	<u>-</u>	<u>170,110</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	12,402	12,402
Committed	250,588	-	-	250,588
Assigned	-	962,773	-	962,773
Unassigned	(87,517)	(82,593)	-	(170,110)
TOTAL FUND BALANCES	<u>163,071</u>	<u>880,180</u>	<u>12,402</u>	<u>1,055,653</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 250,588</u>	<u>\$ 962,773</u>	<u>\$ 12,402</u>	<u>\$ 1,225,763</u>

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

## TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 17,869	\$ 42,136	\$ -	\$ 60,005
Interest income	-	-	122	122
Other income	1,074	1,674	-	2,748
TOTAL REVENUES	<u>18,943</u>	<u>43,810</u>	<u>122</u>	<u>62,875</u>
EXPENDITURES				
Capital outlay	-	851,518	-	851,518
Debt service:				
Principal	-	205,283	-	205,283
Interest	-	22,400	-	22,400
Other	23,724	-	184	23,908
TOTAL EXPENDITURES	<u>23,724</u>	<u>1,079,201</u>	<u>184</u>	<u>1,103,109</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,781)</u>	<u>(1,035,391)</u>	<u>(62)</u>	<u>(1,040,234)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from note issuance	-	710,500	-	710,500
Transfers in	-	628,947	-	628,947
Transfers (out)	(86,786)	-	-	(86,786)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(86,786)</u>	<u>1,339,447</u>	<u>-</u>	<u>1,252,661</u>
NET CHANGE IN FUND BALANCES	(91,567)	304,056	(62)	212,427
FUND BALANCES - JULY 1	<u>254,638</u>	<u>576,124</u>	<u>12,464</u>	<u>843,226</u>
FUND BALANCES - JUNE 30	<u>\$ 163,071</u>	<u>\$ 880,180</u>	<u>\$ 12,402</u>	<u>\$ 1,055,653</u>

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

### Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

## TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	MMA Safety Grant	Police Training Reimbursement	Highway Safety	Health/PTO Reimbursement Plan	Fire Grant	SRO Grants	Police Grants
ASSETS							
Due from other funds	\$ -	\$ 49,747	\$ -	\$ -	\$ -	\$ 1,074	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 49,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,074</u>	<u>\$ -</u>
LIABILITIES							
Due to other funds	\$ 2,905	\$ -	\$ 13,869	\$ 6,975	\$ 50,956	\$ -	\$ 9,900
TOTAL LIABILITIES	<u>2,905</u>	<u>-</u>	<u>13,869</u>	<u>6,975</u>	<u>50,956</u>	<u>-</u>	<u>9,900</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	49,747	-	-	-	1,074	-
Assigned	-	-	-	-	-	-	-
Unassigned	(2,905)	-	(13,869)	(6,975)	(50,956)	-	(9,900)
TOTAL FUND BALANCES (DEFICITS)	<u>(2,905)</u>	<u>49,747</u>	<u>(13,869)</u>	<u>(6,975)</u>	<u>(50,956)</u>	<u>1,074</u>	<u>(9,900)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 49,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,074</u>	<u>\$ -</u>

## TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	Police OUI Detail Grant	Comprehensive Plan	Surplus Bids	Veterans Memorial Park	Homeland Security 2016	Charter Commission
ASSETS						
Due from other funds	\$ 17,244	\$ 15,502	\$ 3,550	\$ 2,362	\$ 6,606	\$ 1,422
TOTAL ASSETS	<u>\$ 17,244</u>	<u>\$ 15,502</u>	<u>\$ 3,550</u>	<u>\$ 2,362</u>	<u>\$ 6,606</u>	<u>\$ 1,422</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	17,244	15,502	3,550	2,362	6,606	1,422
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>17,244</u>	<u>15,502</u>	<u>3,550</u>	<u>2,362</u>	<u>6,606</u>	<u>1,422</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 17,244</u>	<u>\$ 15,502</u>	<u>\$ 3,550</u>	<u>\$ 2,362</u>	<u>\$ 6,606</u>	<u>\$ 1,422</u>

## TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	Webster Mill	Riley Road	General Assistance	MePERS Reimbursement	Police Forfeiture	Total
ASSETS						
Due from other funds	\$ -	\$ 4,265	\$ 17,250	\$ 129,427	\$ 2,139	\$ 250,588
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 4,265</u>	<u>\$ 17,250</u>	<u>\$ 129,427</u>	<u>\$ 2,139</u>	<u>\$ 250,588</u>
LIABILITIES						
Due to other funds	\$ 2,912	\$ -	\$ -	\$ -	\$ -	\$ 87,517
TOTAL LIABILITIES	<u>2,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,517</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	4,265	17,250	129,427	2,139	250,588
Assigned	-	-	-	-	-	-
Unassigned	(2,912)	-	-	-	-	(87,517)
TOTAL FUND BALANCES (DEFICITS)	<u>(2,912)</u>	<u>4,265</u>	<u>17,250</u>	<u>129,427</u>	<u>2,139</u>	<u>163,071</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 4,265</u>	<u>\$ 17,250</u>	<u>\$ 129,427</u>	<u>\$ 2,139</u>	<u>\$ 250,588</u>

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

## TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	MMA Safety Grant	Police Training Reimbursement	Highway Safety	Health/PTO Reimbursement Plan	Fire Grant	SRO Grants	Police Grants
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	1,074	-
TOTAL REVENUES	-	-	-	-	-	1,074	-
EXPENDITURES							
Other	2,905	309	13,869	-	-	-	1,293
TOTAL EXPENDITURES	2,905	309	13,869	-	-	-	1,293
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,905)	(309)	(13,869)	-	-	1,074	(1,293)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	(20,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(20,000)	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(2,905)	(309)	(13,869)	(20,000)	-	1,074	(1,293)
FUND BALANCES (DEFICITS) - JULY 1	-	50,056	-	13,025	(50,956)	-	(8,607)
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (2,905)</u>	<u>\$ 49,747</u>	<u>\$ (13,869)</u>	<u>\$ (6,975)</u>	<u>\$ (50,956)</u>	<u>\$ 1,074</u>	<u>\$ (9,900)</u>

## TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	OUI Detail Grant	Comprehensive Plan	Surplus Bids	Memorial Park	Security 2016	Charter Commission
REVENUES						
Intergovernmental	\$ 17,244	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>17,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>17,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	17,244	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>15,502</u>	<u>3,550</u>	<u>2,362</u>	<u>6,606</u>	<u>1,422</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 17,244</u>	<u>\$ 15,502</u>	<u>\$ 3,550</u>	<u>\$ 2,362</u>	<u>\$ 6,606</u>	<u>\$ 1,422</u>

## TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Webster Mill	Riley Road	General Assistance	MePERS Reimbursement	Police Forfeiture	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 625	\$ -	\$ -	\$ 17,869
Other income	-	-	-	-	-	1,074
TOTAL REVENUES	-	-	625	-	-	18,943
EXPENDITURES						
Other	-	-	-	-	5,348	23,724
TOTAL EXPENDITURES	-	-	-	-	5,348	23,724
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	625	-	(5,348)	(4,781)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(66,786)	-	(86,786)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(66,786)	-	(86,786)
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	625	(66,786)	(5,348)	(91,567)
FUND BALANCES (DEFICITS) - JULY 1	(2,912)	4,265	16,625	196,213	7,487	254,638
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (2,912)</u>	<u>\$ 4,265</u>	<u>\$ 17,250</u>	<u>\$ 129,427</u>	<u>\$ 2,139</u>	<u>\$ 163,071</u>

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

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds. The projects also include significant purchases of vehicles and equipment, as well as the servicing of leases and bonds associated with those purchases. Projects are generally segregated by the related Town department managing the project.

## TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Downtown Project
ASSETS						
Due from other funds	\$ 41,685	\$ 156,957	\$ -	\$ 82,428	\$ -	\$ 523
TOTAL ASSETS	<u>\$ 41,685</u>	<u>\$ 156,957</u>	<u>\$ -</u>	<u>\$ 82,428</u>	<u>\$ -</u>	<u>\$ 523</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 54,350	\$ -	\$ 5,293	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>54,350</u>	<u>-</u>	<u>5,293</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	41,685	156,957	-	82,428	-	523
Unassigned	-	-	(54,350)	-	(5,293)	-
TOTAL FUND BALANCES (DEFICITS)	<u>41,685</u>	<u>156,957</u>	<u>(54,350)</u>	<u>82,428</u>	<u>(5,293)</u>	<u>523</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 41,685</u>	<u>\$ 156,957</u>	<u>\$ -</u>	<u>\$ 82,428</u>	<u>\$ -</u>	<u>\$ 523</u>

## TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Total
ASSETS							
Due from other funds	\$ 292,403	\$ -	\$ 59,482	\$ 9,608	\$ 219,687	\$ 100,000	\$ 962,773
TOTAL ASSETS	<u>\$ 292,403</u>	<u>\$ -</u>	<u>\$ 59,482</u>	<u>\$ 9,608</u>	<u>\$ 219,687</u>	<u>\$ 100,000</u>	<u>\$ 962,773</u>
LIABILITIES							
Due to other funds	\$ -	\$ 22,950	\$ -	\$ -	\$ -	\$ -	\$ 82,593
TOTAL LIABILITIES	<u>-</u>	<u>22,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,593</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	292,403	-	59,482	9,608	219,687	100,000	962,773
Unassigned	-	(22,950)	-	-	-	-	(82,593)
TOTAL FUND BALANCES (DEFICITS)	<u>292,403</u>	<u>(22,950)</u>	<u>59,482</u>	<u>9,608</u>	<u>219,687</u>	<u>100,000</u>	<u>880,180</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 292,403</u>	<u>\$ -</u>	<u>\$ 59,482</u>	<u>\$ 9,608</u>	<u>\$ 219,687</u>	<u>\$ 100,000</u>	<u>\$ 962,773</u>

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

## TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Downtown Project
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	1,674	-	-	-	-
TOTAL REVENUES	-	1,674	-	-	-	-
EXPENDITURES						
Capital outlay	7,140	6,691	65,794	31,835	-	-
Debt service:						
Principal	-	-	51,283	-	-	-
Interest	-	-	2,603	-	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	7,140	6,691	119,680	31,835	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,140)	(5,017)	(119,680)	(31,835)	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from note issuance	-	-	-	26,500	-	-
Transfers in	63,450	25,000	53,875	26,500	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	63,450	25,000	53,875	53,000	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	56,310	19,983	(65,805)	21,165	-	-
FUND BALANCES (DEFICITS) - JULY 1	(14,625)	136,974	11,455	61,263	(5,293)	523
FUND BALANCES (DEFICITS) - JUNE 30	\$ 41,685	\$ 156,957	\$ (54,350)	\$ 82,428	\$ (5,293)	\$ 523

## TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 42,136	\$ -	\$ 42,136
Other income	-	-	-	-	-	-	1,674
TOTAL REVENUES	-	-	-	-	42,136	-	43,810
EXPENDITURES							
Capital outlay	-	490,441	-	-	249,617	-	851,518
Debt service:							
Principal	-	79,000	-	-	75,000	-	205,283
Interest	-	11,781	-	-	8,016	-	22,400
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	581,222	-	-	332,633	-	1,079,201
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(581,222)	-	-	(290,497)	-	(1,035,391)
OTHER FINANCING SOURCES (USES)							
Proceeds from note issuance	-	324,000	-	-	360,000	-	710,500
Transfers in	213,952	169,070	-	-	77,100	-	628,947
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	213,952	493,070	-	-	437,100	-	1,339,447
NET CHANGE IN FUND BALANCES (DEFICITS)	213,952	(88,152)	-	-	146,603	-	304,056
FUND BALANCES (DEFICITS) - JULY 1	78,451	65,202	59,482	9,608	73,084	100,000	576,124
FUND BALANCES (DEFICITS) - JUNE 30	\$ 292,403	\$ (22,950)	\$ 59,482	\$ 9,608	\$ 219,687	\$ 100,000	\$ 880,180

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

### Permanent Funds

Permanent funds are used to account for assets held by the Town of Sabattus, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

## TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2019

	Cemetery Fund	Total
ASSETS		
Cash and cash equivalents	\$ 2,290	\$ 2,290
Investments	10,112	10,112
TOTAL ASSETS	<u>\$ 12,402</u>	<u>\$ 12,402</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	12,402	12,402
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>12,402</u>	<u>12,402</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,402</u>	<u>\$ 12,402</u>

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

## TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Cemetery Fund	Total
REVENUES		
Interest income	\$ 122	\$ 122
TOTAL REVENUES	<u>122</u>	<u>122</u>
EXPENSES		
Cemetery expenses	184	184
TOTAL EXPENSES	<u>184</u>	<u>184</u>
NET CHANGE IN FUND BALANCES	(62)	(62)
FUND BALANCES - JULY 1	<u>12,464</u>	<u>12,464</u>
FUND BALANCES - JUNE 30	<u><u>\$ 12,402</u></u>	<u><u>\$ 12,402</u></u>

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

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

## TOWN OF SABATTUS, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ -	\$ -	\$ 19,570	\$ -	\$ 19,570
Fire	-	31,851	479,400	-	511,251
Police	-	4,500	265,773	-	270,273
Public Works	-	-	461,175	1,337,700	1,798,875
Transfer Station	-	-	42,790	-	42,790
Town-wide	<u>117,491</u>	<u>1,886,035</u>	<u>2,200,509</u>	<u>-</u>	<u>4,204,035</u>
Total General Capital Assets	117,491	1,922,386	3,469,217	1,337,700	6,846,794
Less: Accumulated Depreciation	<u>-</u>	<u>(958,396)</u>	<u>(2,612,354)</u>	<u>(211,319)</u>	<u>(3,782,069)</u>
Net General Capital Assets	<u>\$ 117,491</u>	<u>\$ 963,990</u>	<u>\$ 856,863</u>	<u>\$ 1,126,381</u>	<u>\$ 3,064,725</u>

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

## TOWN OF SABATTUS, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2019

	General Capital Assets 7/1/18	Additions	Deletions	General Capital Assets 6/30/19
General Government	\$ 19,570	\$ -	\$ -	\$ 19,570
Fire	511,251	-	-	511,251
Police	161,627	108,646	-	270,273
Public Works	1,798,875	-	-	1,798,875
Transfer Station	42,790	-	-	42,790
Town-wide	4,204,035	-	-	4,204,035
Total General Capital Assets	6,738,148	108,646	-	6,846,794
Less: Accumulated Depreciation	(3,511,327)	(270,742)	-	(3,782,069)
Net General Capital Assets	<u>\$ 3,226,821</u>	<u>\$ (162,096)</u>	<u>\$ -</u>	<u>\$ 3,064,725</u>

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



Proven Expertise & Integrity

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

Selectboard  
Town of Sabattus  
Sabattus, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sabattus, Maine as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Sabattus, Maine's basic financial statements and have issued our report thereon dated February 19, 2020.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. We noted certain other matters that we reported to management of the Town of Sabattus, Maine in a separate letter dated February 19, 2020.

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
February 19, 2020