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Town of St. Albans, Maine

ANNUAL FINANCIAL STATEMENTS
(with required and other supplementary information)

For the Year Ended December 31, 2018

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Independent Auditor's Report

Board of Selectmen
Town of St. Albans, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of the Town of St. Albans, Maine as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of the Town of St. Albans, Maine, as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 29 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2019, on our consideration of the Town of St. Albans, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of St. Albans, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of St. Albans, Maine's internal control over financial reporting and compliance.

Bartrur Shibodan & Associates

February 8, 2019

TOWN OF ST. ALBANS, ME
Management's Discussion and Analysis
Year ending December 31, 2018

As management of the Town St. Albans, Maine we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented in conjunction with the basic financial statements and the accompanying notes to those financial statements.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the Town of St. Albans, Maine using the integrated approach prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-wide* Financial Statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred with regard to inter fund activity, payables, and receivables as prescribed by the statement.

The Fund Financial Statements include statements for each of the two categories of activities within the Town – governmental and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach.

We are pleased to report that the Town has received unmodified opinions from its auditors. This means that the Town of St. Albans' financial statements are fairly presented in all material respects.

REPORTING THE TOWN AS A WHOLE

The Statement of Net Position and the Statement of Activities report information about the Town as a whole and its activities. The statements include all assets and liabilities of the Town using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Under accrual accounting, revenues are recognized when earned and expenses are recorded when incurred, irrespective of the timing of the receipt and disbursement of cash.

The Statement of Net Position reports the Town's net position. Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources and is one way to measure the Town's financial health or financial position. Viewed another way, it is what is left over after assets are used to satisfy liabilities. Over time, increases and decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the Town's property tax base and the condition of the Town's infrastructure.

The Statement of Activities illustrates what it costs to provide public services such as administrative services, public works, fire, planning and code enforcement, assessing, town clerk, social services, education, debt and capital expenses. It also identifies the resources necessary to finance those services such as property taxes, other taxes and user fees, license and permit fees, intergovernmental revenue, investments and other miscellaneous revenues.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by law and by bond covenants. However, other funds are established to help control and manage funds for particular purposes, or to demonstrate that the Town is in compliance with legal requirements regarding the use of certain taxes, grants, or other monies. The Town's basic activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances that remain at year-end. These funds are reported using an accounting method called modified accrual

accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a short-term view (approximately one year) of the Town's most readily available assets and current liabilities, along with the resources that flow in and out during the year or shortly thereafter. These statements help to assess the Town's ability to meet its financial obligations over the next twelve months. The difference between the governmental funds financial statement and the government-wide financial statement of activities is reconciled in Statement 4A.

THE TOWN AS A WHOLE

The Town is providing condensed financial information for the year 2018 and comparative information for 2017.

	2018 Governmental Activities	2017 Governmental Activities
Assets:		
Current and other assets	\$ 2,051,728	\$1,912,344
Capital assets (net)	\$ 1,198,717	\$1,394,456
Total assets	\$ 3,250,445	\$3,306,800
Liabilities:		
Accts. Payable	\$ 4,069	\$ 21,343
Accrued payroll & expenses	\$ 5,462	\$ --
Due to other agencies	\$ 2,602	\$ 137,532
Prepaid property taxes	\$ 2,172	\$ 25,897
Long-term debt outstanding (> 1 yr)	\$ 117,080	\$ 435,958
Long-term debt outstanding (< 1 yr)	\$ 95,583	\$ --
Capital Leases	\$ 215,981	\$ --
Total liabilities	\$ 442,949	\$ 620,730
Net Position:		
Net investment in capital assets	\$ 770,073	\$ 830,780
Unrestricted	\$2,037,423	\$1,855,290
Total net position:	\$2,807,496	\$2,686,070

GOVERNMENTAL ACTIVITIES

The cost of all governmental fund activities for 2018 was \$3,260,941. Most of that amount \$2,170,219 was paid as "pass through" assessments to RSU 19, Somerset County and First Park. As shown in the statement of Revenues, Expenditures and Changes in Fund Balances, the amount paid by taxpayers through local property taxes for all governmental activities was \$2,626,965.

The Town paid for the remaining portion of governmental activities with non-property taxes and other revenues, such as interest earnings, state revenue sharing, excise taxes, homestead exemption reimbursement, grants, reserve accounts and other miscellaneous revenues.

The Town's governmental activities include administrative services (including insurance, employee benefits, and other organization-wide expenses), public works, fire, planning and code enforcement, assessing, social services, education, debt and capital expenses.

The net expense represents that portion of governmental activities expenses that was offset by other general revenues or supported by local property taxes.

Statement of Activities

Total resources of \$6,068,437 were available during the year to finance governmental activities, consisting of restated net position of \$2,696,278 at January 1, 2018, program revenues of \$42,920 and general revenues of \$3,329,239.

Total governmental activities expenses were \$3,260,941. Net position increased by \$111,218 from a restated balance of \$2,696,278 to \$2,807,496 and there was a restatement of prior year accounts of \$10,208, total change from prior year \$121,426 or 4.5%. Total governmental activities expenses increased by \$67,379 or 2.11%; net expenses for governmental activities increased by \$121,426 or 4.52% from 2017 to 2018.

Statement of Activities	2018 Governmental Activities	2017 Governmental Activities
Revenues:		
Program Revenues:		
Charges for service	\$ 17,312	\$ 21,270
Operating grants and contributions	25,608	6,322
General Revenues:		
Property taxes	\$2,626,965	\$2,596,688
Excise tax	374,861	348,557
Grants & contributions	231,702	--
Intergovernmental	--	204,304
Gain on sale of assets	2,500	--
Liens & Interest charges on taxes	20,276	--
Interest income	60,689	20,406
Miscellaneous revenues	12,246	278,801
Total Revenues	\$3,372,159	\$3,476,348
Expenses:		
Program Expenses:		
General Government	\$ 239,888	243,024
Protection	204,695	232,170
Health and welfare	17,515	13,618
Public Works	603,047	573,616
Public Service	19,361	18,258
County tax	393,629	376,418
Education	1,761,712	1,705,557
First Park	14,878	14,374
Interest expense	6,216	8,648
Capital Outlay	--	7,879
Total Expenses	\$3,260,941	\$3,193,562
Net position – beginning restated	\$2,696,278	\$2,403,284
Change in net position	111,218	282,786
Net position – ending	\$2,807,496	\$2,686,070

The Town's governmental activities include administrative services (including insurance, employee benefits, and other organization-wide expenses), public works, fire, planning and code enforcement, assessing, social services, education, debt and capital expenses. Each program's net cost (total cost less revenues generated by the activities) is presented as follows for 2018 with a 2017 comparison.

	2018 Expense	2018 Program Revenue	2018 Net Expense	2017 Net Expense
Governmental activities:				
General Government	\$ 239,888	\$18,009	\$221,879	\$221,754
Protection	204,695	658	204,037	232,170
Health and Welfare	17,515	7,555	9,960	13,618

Public Service	19,361	--	19,361	18,258
Public works	603,047	8,069	594,978	573,616
County tax	393,629	--	393,629	376,418
Education	1,761,712	--	1,761,712	1,705,557
First Park	14,878	8,629	6,249	8,052
Interest long-term debt	6,216	--	6,216	8,648
Capital Outlay	--	--	--	7,879
Total governmental activities	\$3,260,941	\$ 42,920	\$3,218,021	\$3,165,970

The net expense represents that portion of governmental activities expenses that was offset by other general revenues or supported by local property taxes. No attempt has been made to apportion general revenues to the various governmental activities as a means of determining the relative degree to which they are supported by local property taxes.

DEBT ADMINISTRATION

The Town borrowed \$510,000 at 2.35% from Skowhegan Savings Bank for a road paving project in 2013. The remaining balance as of December 31, 2018 was \$72,857.16. The bond will be paid in full in November 2019.

In 2017, the town borrowed \$184,583 from the Maine Municipal Bond Bank at a rate of 1%, plus fees, for eight years to pay its portion of the 60' x 108' sand salt shed building located off the Hartland Road at the site of the old landfill. The total cost of the project was \$376,757 of which \$294,826 was determined to be eligible for reimbursement at the rate of 61.55% from the State of Maine Department of Transportation. The town received reimbursement in the amount of \$181,478.95. This loan will be paid in full October 2024. The remaining balance as of December 31, 2018 was \$151,976.28.

LEASE PURCHASES

The town has a lease to own purchase agreement with Gorham Leasing for our 2016 Case loader backhoe at an interest rate of 3.250% for five years, which will be paid in full in July 2020. We also have a lease to own purchase agreement with Santander Leasing Corp at an interest rate of 2.74% for ten years, which will be paid in full in 2025 for our 2018 International E-1 fire truck which we took possession of in September 2017.

THE TOWN'S FUNDS

The following is an analysis of account balances in the Town's general fund for 2018. Comparative information is also presented for fiscal years 2017 and 2016.

	2018	2017	2016
Revenues by source:			
Property Taxes	\$2,657,597	\$2,549,948	\$2,519,161
Excise Taxes	\$ 374,861	348,557	\$ 335,640
Intergovernmental	\$ 283,779	204,304	\$ 173,006
Investment earnings	\$ 8,697	--	--
Charges for service	\$ --	21,270	\$ 19,188
Liens & Interest charges	\$ 20,276	20,406	\$ 17,565
Licenses & Permits	\$ 17,312	--	--
Miscellaneous Other revenue	\$ 37,768	285,123	\$ 62,660
Totals	\$3,400,290	\$3,429,608	\$3,127,220

	2018	2017	2016
Expenditures by function:			
General Government	\$ 236,229	\$ 249,315	\$ 244,305
Protection	\$ 183,548	\$ 210,403	\$ 184,902
Health and Welfare	\$ 17,515	\$ 13,618	\$ 8,884
General Assistance	\$ 17,624	\$ --	\$ --

Public Works	\$ 473,525	\$ 496,979	\$ 915,279
Public Service	\$ --	\$ 16,520	\$ 15,924
Somerset County	\$ 393,629	\$ 376,418	\$ 367,144
RSU 19	\$1,761,712	\$1,705,557	\$1,590,942
Oakland First Park	\$ 14,878	\$ 14,374	\$ 14,631
Principal retirement	\$ 95,357	\$ 95,134	\$ 72,857
Interest Expense	\$ 6,216	\$ 8,648	\$ 6,844
Capital Outlay	\$ --	\$ 7,879	\$ --
Totals	\$ 3,200,233	\$3,194,845	\$3,421,712

CAPITAL ASSETS

The **capital assets** of the Town are those assets used in the performance of the Town's functions, including infrastructure assets. At December 31, 2018 net capital assets of governmental activities totaled \$1,198,717.40 a decrease of \$195,739.21 from the year ending December 31, 2017.

Certain Infrastructure Assets

The Town's roads are constantly deteriorating due to the effects of (1) traffic (2) ultraviolet solar radiation drying out and breaking down the top layer of pavement (3) water damage from precipitation and drainage runoff to gravel roads. The Town does its best to keep up with repairs by doing gravel work each year on specific roads and paving and repaving when financially able to do so.

The Town expended \$49,500 on so called "Special Road" improvements for the fiscal year ended December 31, 2018; \$48,469 in 2017 and \$45,000 in 2016. This work is funded through the Capital Reserve DOT account from monies received by the Department of Transportation for the town's plowing of state aid roads.

In 2015, the Town purchased a Road System Management Software (RSMS) Program. Each Town owned road was at that time evaluated and entered into the system. There is now a complete inventory on each of the Town's thirty-three (33) town owned roads with a rating assigned to the condition of each one. Gravel roads were evaluated in a different manner than paved roads. The cost of the software was only \$75.00. It is recommended the roads be evaluated every 3 to 5 years to update the RSMS Program.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget seeks the efficient, effective and economical use of the Town's resources. The budget, through its adoption at Town Meeting, establishes the direction of the Town, allocates its resources, and establishes its priorities. The annual budget is first drafted by the Town Manager, Road Commissioner and Fire Chief. The Selectmen then meet several times to review, offer recommendations and then take their vote on the proposed budget. Typically the Budget Committee begins their review and acceptance once the Selectmen have completed theirs. The final proposed budget is what is presented at town meeting each year.

Trends

The largest source of non-property tax revenues is excise taxes. For the last three years, the Town has enjoyed steady growth in excise tax collections, due to increases in car and truck sales as people replace aging vehicles and also due to the increased cost of vehicles. Excise tax collections in 2018 were \$374,792 and in 2017 \$348,557, which was a 7.5% over 2017 collections.

State revenue sharing, another significant source of revenue, continues to be an unknown factor in the future. We have received ups and downs over the last few years. In 2018 we received \$95,553; 2017 \$86,709; 2016 \$80,416; 2015 \$82,956; 2014 \$75,863 and 2013 \$108,393. Town officials continue to be concerned about the future of this revenue source. Future budgets will need to address the Town's exposure to such a sizable revenue loss.

Budget Overview

The Board of Selectmen and Budget Committee continue into the 2019 budget year with concerns of St. Albans future needs. In 2019, they are proposing an appropriation of \$100,000 into the Fire Hall Reserve account to prepare for the future construction of a new fire station, \$50,000 of the amount to be appropriated from surplus. The funds will be used as seed money when applying for grant funds. In 2019, there is another request for \$35,000 to be appropriated to the Highway Department Equipment account for future equipment purchases.

The proposed budget also has a request to borrow funds to repave seven roads and pave six entrances. The Town's total proposed budget for fiscal 2019 is an increase of \$114,543 over the approved 2018 budget. Of the \$114,543, a request of \$75,000 is to come from surplus to offset the increase, making it technically a \$39,543 increase. In 2019, approximately \$30,000 of the increase is due to salary increases to bring employees to comparative wages to surrounding communities and businesses. In 2018 and 2019 there was a minimum wage increase with another due in 2020, pushing the need to increase employee wages.

Revenues/Fund Balance

Unassigned fund balance has grown each year since FY'10. As of December 31, 2018 it was \$1,304,660. As of December 31, 2017 it was \$1,175,843; December 31, 2016 it was at \$1,047,907. Bond rating agencies consider a growing fund balance to be a positive sign, speaking to the credit strength of a municipality. This fund balance has grown and can be utilized to offset future projects.

The Board of Selectmen adopted a Fund Balance Policy February 10, 2014 stating that it maintain an *unrestricted* fund balance of no less than 12% of the previous year's operating budget less debt service. As of December 31, 2018, unrestricted fund balance exceeds the requirement in order to have a "safety margin" guarding against revenues failing to meet estimates.

The Future

The Town maintains its strong financial position due to the practice of conservative budgeting. As noted above, unrestricted fund balance allows us to have nearly four months of funds available in the event of a liquidity crunch. We fully expect to maintain this strong financial position in future years.

Summary

In 2018, the tax rate increased to \$16.45 per thousand from 2017's rate of \$16.35. The tax rate is set each July after RSU 19, Somerset County and First Park adopt their budgets in late June. The proposed 2019 municipal budget, including surplus appropriations of \$75,000, is \$1,253,228. Again, this amount does not include the appropriations for RSU 19, Somerset County and First Park, those three entities in 2018 alone totaled \$2,170,219.

The town has some very difficult decisions to make in 2019. The acceptance or rejection of the St. Albans Elementary School and the construction of a new fire station are very difficult and controversial decisions. I encourage you to voice your opinions to the Board of Selectmen so they have a feeling from the community. The Board's number one goal is to do what they feel is best for the Town of St. Albans, but they do need input at times to achieve that goal.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report intends to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate its accountability for the funds entrusted to it. If you have any questions about this report or need any financial information, do not hesitate to contact Town Manager, Rhonda Stark.

Town of St. Albans, Maine
Statement of Net Position
December 31, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,730,880
Taxes receivable	319,644
Receivable from other governments	1,204
Capital assets, not being depreciated	34,582
Capital assets, being depreciated, net	<u>1,164,135</u>
 Total assets	 <u>3,250,445</u>
 LIABILITIES	
Accounts payable	4,069
Prepaid taxes	2,172
Accrued payroll and expenses	5,462
Due to other governmental agencies	2,602
Long-term liabilities	
Due within one year	
Capital lease payable	40,845
Bond payable	95,583
Due in more than one year	
Capital lease payable	175,136
Bond payable	<u>117,080</u>
 Total liabilities	 <u>442,949</u>
 NET POSITION	
Net investment in capital assets	770,073
Unrestricted	<u>2,037,423</u>
 Total net position	 <u><u>\$ 2,807,496</u></u>

Town of St. Albans, Maine
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities				
General government	\$ 239,888	\$ 15,527	\$ 2,482	\$ (221,879)
Protection	204,695	-	658	(204,037)
Public works	603,047	1,785	6,284	(594,978)
Public service	19,361	-	-	(19,361)
Health and welfare	17,515	-	7,555	(9,960)
Education	1,761,712	-	-	(1,761,712)
Interest on long-term debt	6,216	-	-	(6,216)
County tax	393,629	-	-	(393,629)
Firstpark	14,878	-	8,629	(6,249)
Total governmental activities	<u>\$ 3,260,941</u>	<u>\$ 17,312</u>	<u>\$ 25,608</u>	<u>(3,218,021)</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				2,626,965
Excise taxes				374,861
Liens and interest charges on taxes				20,276
Grants and contributions not restricted to specific programs				231,702
Interest income				60,689
Miscellaneous				12,246
<i>Special item - gain on sale of asset</i>				<u>2,500</u>
Total general revenues and special item				<u>3,329,239</u>
Change in net position				<u>111,218</u>
NET POSITION - BEGINNING				2,686,070
Restatement of prior year accounts				<u>10,208</u>
NET POSITION - BEGINNING- RESTATED				<u>2,696,278</u>
NET POSITION - ENDING				<u><u>\$ 2,807,496</u></u>

Town of St. Albans, Maine
Balance Sheet
Governmental Funds
December 31, 2018

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,730,880
Taxes receivable	319,644
Receivable from other governments	<u>1,204</u>
Total assets	<u><u>\$ 2,051,728</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 4,069
Payable to other governments	2,602
Other accrued salaries and expenses	<u>5,462</u>
Total liabilities	<u>12,133</u>
Deferred inflows of resources	
Prepaid taxes	2,172
Property taxes	<u>256,623</u>
Total deferred inflows of resources	<u>258,795</u>
Fund balances	
Committed fund balances	440,334
Assigned fund balances	35,806
Unassigned	<u>1,304,660</u>
Total fund balances	<u>1,780,800</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 2,051,728</u></u>

Town of St. Albans, Maine
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2018

Total fund balance, governmental funds	\$ 1,780,800
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	1,198,715
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds. This amount represents deferred inflows - property taxes.	256,623
Some liabilities, (such as Notes Payable and Capital Lease Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	
Notes payable	(212,663)
Capital lease payable	<u>(215,979)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 2,807,496</u></u>

Town of St. Albans, Maine
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	<u>General Fund</u>
REVENUES	
Property taxes	\$ 2,657,597
Excise taxes	374,861
Liens and interest charges	20,276
Licenses, fees and permits	17,312
Intergovernmental	283,779
Interest earnings	8,697
Miscellaneous	<u>37,768</u>
Total revenues	<u>3,400,290</u>
EXPENDITURES	
Current	
General government	236,229
Protection	183,548
Public works	473,525
Health and welfare	17,515
Public service	17,624
Education	1,761,712
County tax	393,629
Firstpark	14,878
Debt service	
Principal	95,357
Interest and other charges	<u>6,216</u>
Total expenditures	<u>3,200,233</u>
Excess of revenues over expenditures	200,057
SPECIAL ITEM	
Proceeds from sale of assets	<u>2,500</u>
Net change in fund balances	<u>202,557</u>
FUND BALANCES - BEGINNING	1,568,035
Restatement of prior year accounts	<u>10,208</u>
FUND BALANCES - BEGINNING -RESTATED	<u>1,578,243</u>
FUND BALANCES - ENDING	<u><u>\$ 1,780,800</u></u>

Town of St. Albans, Maine
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds: \$ 202,557

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	5,500
Depreciation	(201,239)

Revenues in the statement of activities that do not provide available current financial resources are not reported as revenues in the funds. Change in deferred inflows - property taxes. (30,631)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.

Principal repaid	135,031
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Change in net position of governmental activities	\$ 111,218
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Town of St. Albans, Maine
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2018

	<u>Private-Purpose Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 246,226
Total assets	<u>246,226</u>
 NET ASSETS	
Held in trust for benefits and other purposes	<u>\$ 246,226</u>

Town of St. Albans, Maine
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2018

	<u>Private-Purpose Trusts</u>
ADDITIONS	
Plan Members	\$ 3,971
Interest	961
Total additions	<u>4,932</u>
Net assets - beginning	241,294
Net assets - ending	<u>\$ 246,226</u>

Town of St. Albans, Maine
Notes to Basic Financial Statements
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of St. Albans, Maine, was incorporated in 1813 under the laws of the State of Maine. The Town operates under a Selectmen/Manager form of government and provides the following services: general government, public safety, public works, health and sanitation.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America application to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and the Financial Accounting Standards Board, when applicable. The more significant policies of the Town are described below.

A. FINANCIAL REPORTING ENTITY

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. In accordance with GASB Statement No. 61, the Town is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Town. Additionally, the Town is required to consider other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, there are no entities that should be included as part of these financial statements.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information of all the activities of the Town, except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program; and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The Town segregates transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements.

Town of St. Albans, Maine
Notes to Basic Financial Statements
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)

1. Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Town has presented the following major fund:

General Fund

The general fund is the primary operating fund of the Town and always classified as a major fund. This fund is used to account for all financial resources not accounted for in other funds.

2. Fiduciary Funds (not included in the government-wide statements)

The Town has presented the following fiduciary funds:

Private Purpose Trust Funds

Private purpose funds are funds held by the Town in a trustee capacity and are accounted for in essentially the same manner as a proprietary fund. Private purpose trusts for the Town account for various scholarship accounts. Capital maintenance of private purpose funds is critical.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and the fund financial statement for fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities, whether current or non-current, are included on the statement of net position and the operating statements present increases, revenues, and decreases, expenses, in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, intergovernmental revenues and charges for services. All other governmental fund revenues are recognized when received.

Town of St. Albans, Maine
Notes to Basic Financial Statements
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. BUDGETS AND BUDGETARY ACCOUNTING

The Town adopts an annual budget for the Town's general fund in account form at town meeting. Generally, appropriations for the general fund lapse at year end, except for balances approved to be carried forward by Town Selectmen. The Town utilizes a formal budgetary accounting system to control revenues accounted for in the general fund. These budgets are established in accordance with the various laws which govern the Town's operations.

F. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents

For purposes of the statement of net position, the Town considers all highly liquid investments, except for money market mutual funds, with a maturity of three months or less to be cash equivalents. Additional information is presented in Note 2.

2. Interfund Receivables and Payables

Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statements.

3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	7-40 years
Machinery and equipment	5-20 years
Vehicles	5-15 years
Infrastructure	40 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Town of St. Albans, Maine
Notes to Basic Financial Statements
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

4. Long-term Liabilities

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

All long-term liabilities to be repaid from governmental resources are reported as liabilities in government-wide statements. Long-term liabilities consist of bonds and capital leases payable.

Long-term liabilities for governmental funds are 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.

5. Compensated Absences

Vacation and sick pay benefits, which are substantially non-vesting, are not material and are not reported.

6. Use of Estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

7. Government-wide Net Position

Net position represents the difference between assets and liabilities. 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 their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other amounts included in net position are reported as unrestricted. For expenditures that qualify for either classification, amounts will be first spent from restricted net position then from unrestricted net position.

8. Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance to be properly reported within one of the five fund balance categories listed below:

Nonspendable such as fund balances associated with inventories or prepaid expenses. The nonspendable fund balance may also include amounts that are required to be maintained intact, such as the corpus of an endowment fund.

Town of St. Albans, Maine
Notes to Basic Financial Statements
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

8. Governmental Fund Balances (Continued)

Restricted fund balance classification includes amounts that can be used only for the specific purposes stipulated by constitution, grantors or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, which is voter approval in the selectmen form of government.

Assigned fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Selectmen is authorized to assign amounts for a particular purpose under authority granted by voter approval.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Town's policy on unassigned fund balance is to maintain an unassigned fund balance no less than 12% of the previous year's budget less debt service.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

9. Revenue Recognition - Property Taxes

Property taxes were levied on assessed values of April 1, 2018, and were due October 1, 2018. Interest was charged at 8.00% on amounts not paid by the due date. Upon the expiration of eight months, and within one year from the date of the original commitment, a tax lien is recorded for all delinquent taxes on real estate. Liens are filed eight to twelve months after the committed date.

Property taxes assessed and collected during 2018 and during the first sixty days of 2018 are recognized as revenue in 2018. Receivables estimated to be collectible after the sixty-day period are recorded as deferred inflow of resources in the general fund.

Assessed value	
Real estate	\$ 157,236,000
Personal property	<u>2,658,300</u>
	\$ 159,894,300
Tax rate (per \$1,000)	<u>16.45</u>
Commitment	\$ 2,630,261
Less collections and abatements	<u>(2,397,412)</u>
Receivable at December 31, 2018	<u>\$ 232,849</u>
Collection rate	91 %

Town of St. Albans, Maine
Notes to Basic Financial Statements
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

10. Recent Accounting Pronouncements

In June 2018, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This statement improves financial reporting by increasing the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The statement is effective for periods beginning after December 15, 2019. The effect of this Statement on the Town's financial statements is not known at this time.

NOTE 2. DEPOSITS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2018, the Town reported deposits of \$1,977,106 with bank balances of \$2,011,735. Of the Town's total bank balance of \$2,011,735, \$500,000 is insured by FDIC, \$1,500,000 was collateralized by underlying securities held by the related bank, and \$11,735 was uncollateralized.

Deposits of \$1,730,880 have been record in the Town's governmental funds and \$246,226 in the fiduciary funds.

NOTE 3. CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2018, is as follows:

	Balance 12/31/17	Additions	Retire- ments	Balance 12/31/18
<i>Capital assets not being depreciated</i>				
Land	\$ 34,582	\$ -	\$ -	\$ 34,582
<i>Capital assets being depreciated</i>				
Buildings and improvements	485,845	-	-	485,845
Vehicles	1,048,717	-	-	1,048,717
Equipment	63,291	5,500	-	68,791
Infrastructure	<u>1,656,942</u>	<u>-</u>	<u>-</u>	<u>1,656,942</u>
Total capital assets being depreciated	<u>3,254,795</u>	<u>5,500</u>	<u>-</u>	<u>3,260,295</u>
<i>Less accumulated depreciation</i>				
Buildings and improvements	(51,138)	(19,301)	-	(70,439)
Vehicles	(711,711)	(69,615)	-	(781,326)
Equipment	(46,323)	(3,169)	-	(49,492)
Infrastructure	<u>(1,085,749)</u>	<u>(109,154)</u>	<u>-</u>	<u>(1,194,903)</u>
Total accumulated depreciation	<u>(1,894,921)</u>	<u>(201,239)</u>	<u>-</u>	<u>(2,096,160)</u>
Total capital assets, being depreciated, net	<u>1,359,874</u>	<u>(195,739)</u>	<u>-</u>	<u>1,164,135</u>
Capital assets, net	<u>\$ 1,394,456</u>	<u>\$ (195,739)</u>	<u>\$ -</u>	<u>\$ 1,198,717</u>

Town of St. Albans, Maine
Notes to Basic Financial Statements
December 31, 2018

NOTE 3. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 3,659
Protection	44,382
Public works	151,461
Public service	<u>1,737</u>
Total depreciation expense	<u>\$ 201,239</u>

NOTE 4. LONG-TERM LIABILITIES

The following is a summary of the Town of St. Albans's long-term liabilities transactions for the year ended December 31, 2018.

	Principal Balance 12/31/17	Increases	Decreases	Principal Balance 12/31/18	Portion Due Within One Year
General Obligation Bonds Payable					
<i>Skowhegan Savings Bank</i>					
General obligation bond dated 2013, due 2019 with annual principal and interest payments. Interest at 2.35%.	\$ 145,714	\$ -	\$ (72,857)	\$ 72,857	\$ 72,857
<i>Maine Municipal Bond Bank</i>					
General obligation bond dated 2017, due 2024 with annual principal and interest payments. Interest at 1.00 %.	<u>162,306</u>	<u>-</u>	<u>(22,500)</u>	<u>139,806</u>	<u>22,726</u>
<i>Total Long-term bonds payable</i>	308,020	-	(95,357)	212,663	95,583
Capital Leases Payable	<u>255,655</u>	<u>-</u>	<u>(39,674)</u>	<u>215,981</u>	<u>40,845</u>
	<u>\$ 563,675</u>	<u>\$ -</u>	<u>\$ (135,031)</u>	<u>\$ 428,644</u>	<u>\$ 136,428</u>

Future maturities of general obligation bonds payable are as follows:

Period Ended December 31	Principal	Interest	Total
2019	\$ 95,583	\$ 1,404	\$ 96,987
2020	22,952	1,171	24,123
2021	23,182	941	24,123
2022	23,413	709	24,122
2023	23,648	475	24,123
2024	<u>23,885</u>	<u>239</u>	<u>24,123</u>
	<u>\$ 212,663</u>	<u>\$ 4,939</u>	<u>\$ 217,602</u>

Town of St. Albans, Maine
Notes to Basic Financial Statements
December 31, 2018

NOTE 4. LONG-TERM LIABILITIES (CONTINUED)

Capital leases payable

The Town is the lessee of a Loader Backhoe expiring in 2020 and Santander Fire Truck expiring in 2025. The liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset acquired.

As of December 31, 2018, the Town had recorded \$341,131 equipment related to outstanding capital leases. Amortization of this asset is included with depreciation expense. Accumulated depreciation for these assets at December 31, 2018 is \$102,252.

Minimum future lease payments under capital leases as of December 31, 2018 are:

2019	\$ 46,939
2020	46,939
2021	28,844
2022	28,844
2023	28,844
2024	28,844
2025	<u>28,844</u>
	238,098
Less amount representing interest	<u>(22,117)</u>
Present value of minimum lease payments	<u>\$215,981</u>

In accordance with Maine law, no municipality shall incur debt for specific purposes in excess of certain percentages of State valuation of such municipality. At December 31, 2018, the Town was in compliance with these limitations.

Overlapping Debt

The Town is contingently responsible for a proportionate share of the overlapping debt of Regional School Unit No. 19. At June 30, 2018, the Unit had debt outstanding of \$1,926,179 of which the Town's share was \$356,589.

In addition, the Town is contingently liable for a proportionate share of the overlapping debt of Somerset County. At December 31, 2018, the County had debt outstanding of \$12,975,000, of which the Town share was approximately 3.00% for a total of \$389,379.

Town of St. Albans, Maine
Notes to Basic Financial Statements
December 31, 2018

NOTE 5. FUND BALANCE – COMMITTED

Fund balance - committed consists of the following as of December 31, 2018:

Highway Reserve	\$ 69,459
225 th Celebration Reserve	8,206
Salt & Sand Storage Reserve	8,231
Fire Department Capital Reserve	6,161
Fire Department Donation Reserve	10,336
Public Works Capital Reserve	45,404
Dams Reserve	307
Bridges Reserve	52
Community Park Reserve	172
Ball Field Reserve	7,492
Fire Hall Reserve	229,476
Fasse Fire Department Reserve	<u>55,038</u>
	<u>\$ 440,334</u>

NOTE 6. FUND BALANCE – ASSIGNED

Fund balance - assigned consists of the following as of December 31, 2018:

Town Hall Renovations	\$ 4,433
Flags Account	199
Park Fund	83
Playground Donation	1,720
CDBG Grant Account	8,892
Animal Control	12,558
Town Hall Parking	674
Cat's Meow	1,466
Cletract Donation	43
Fireworks Account	600
Donation Dam Site Account	520
GA Community Donation	65
Roads	4,103
Outside Fires	<u>450</u>
	<u>\$ 35,806</u>

Town of St. Albans, Maine
Notes to Basic Financial Statements
December 31, 2018

NOTE 7. DEFERRED COMPENSATION PLAN

The Town provides a 401(a) and a 457(b) deferred compensation plan administered through Valic. The plan permits salary deferral to future years. Participation in the plan is optional and can be modified by the Town Selectmen at any time. The Town is required to contribute 4% of the employee's compensation into the 401(a) plan. Employer contributions are vested 20% per year and are fully vested upon 5 years of service. During 2018, the Town contributed \$9,155.

Employees may contribute up to 15% of their compensation into the 457(d) plan.

NOTE 8. INSURANCES AND PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of losses related to torts, theft, damage, and destruction of assets, injuries to employees, and natural disasters. The Town maintains various commercial insurance policies to mitigate these risks to an acceptable level and to limit the Town's exposure to losses.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool ("Pool"). The Pool was created to obtain lower rates for its members. The Town pays an annual premium for its property and liability coverage. There were no deductible claims for the fiscal year.

The Town is also a member of the Maine Municipal Association - Workers Compensation 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 workers compensation coverage and develop a comprehensive loss control program.

NOTE 9. PRIOR PERIOD ADJUSTMENT

The Town made a prior period adjustment of \$10,208 to increase the beginning unassigned fund balance to correct prior year reporting errors.

NOTE 10. EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 8, 2019, the date on which the financial statements were available to be issued.

Town of St. Albans, Maine
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Changes *</u>	<u>Final</u>		
REVENUES					
Property taxes	\$ 2,630,261	\$ -	\$ 2,630,261	\$ 2,657,597	\$ 27,336
Excise taxes	303,800	-	303,800	374,861	71,061
Liens and interest charges	16,000	-	16,000	20,276	4,276
Licenses and permits	14,300	-	14,300	17,312	3,012
Intergovernmental	260,948	-	260,948	283,779	22,831
Investment earnings	1,000	-	1,000	8,697	7,697
Miscellaneous	13,850	-	13,850	37,768	23,918
Total revenues	<u>3,240,159</u>	<u>-</u>	<u>3,240,159</u>	<u>3,400,290</u>	<u>160,131</u>
EXPENDITURES					
Current					
General government	243,364	-	243,364	236,229	7,135
Protection	185,068	-	185,068	183,548	1,520
Public works	483,694	-	483,694	473,525	10,169
Health and sanitation	17,858	3,126	20,984	17,515	3,469
General assistance	23,464	-	23,464	17,624	5,840
Education	1,761,712	-	1,761,712	1,761,712	-
County tax	393,629	-	393,629	393,629	-
Firstpark	14,878	-	14,878	14,878	-
Debt service					
Principal	95,357	-	95,357	95,357	-
Interest and other charges	8,230	-	8,230	6,216	2,014
Total expenditures	<u>3,227,254</u>	<u>3,126</u>	<u>3,230,380</u>	<u>3,200,233</u>	<u>30,147</u>
Excess (deficiency) of revenues over expenditures	<u>12,905</u>	<u>(3,126)</u>	<u>9,779</u>	<u>200,057</u>	<u>129,984</u>
OTHER FINANCING SOURCES (USES)					
Use of carryover fund balances	88,350	-	88,350	-	(88,350)
Contributions to and use of committed carryover fund balances	(85,000)	-	(85,000)	-	85,000
Use of assigned fund balance	-	3,126	3,126	-	(3,126)
Overlay	(17,255)	-	(17,255)	-	17,255
Total other financing sources and uses	<u>(13,905)</u>	<u>3,126</u>	<u>(10,779)</u>		<u>10,779</u>
SPECIAL ITEM					
Proceeds from sale capital assets	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>2,500</u>	<u>(1,500)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>202,557</u>	<u>\$ 202,557</u>
FUND BALANCES - BEGINNING				1,568,035	
Prior year restatement				<u>10,208</u>	
FUND BALANCES - BEGINNING, RESTATED				<u>1,578,243</u>	
FUND BALANCES - ENDING				<u>\$ 1,780,800</u>	

* - Use of additional revenues and special meeting approvals

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With Government Auditing Standards**

Board of Selectmen
Town of St. Albans, Maine

We have audited, 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, the financial statements of the governmental activities, each major fund, and the remaining fund information of the Town of St. Albans, Maine as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of St. Albans, Maine's basic financial statements and have issued our report thereon dated February 8, 2019.

Internal Control over Financial Reporting

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

We noted certain matters that we reported to management of the Town of St. Albans, Maine, in a separate letter to management dated February 8, 2019.

Purpose of this Report

This 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brantner Whibodan & Associates

February 8, 2019