

City of Old Town, Maine
Financial Statements and Supplemental Data
With Independent Auditors' Reports
June 30, 2019



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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Old Town, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Old Town, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City'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 auditors' 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 City'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 City'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 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Old Town, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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, Schedule of Funding Progress – Retiree Healthcare Plan, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of City Contributions, and general fund budgetary comparison information, as listed in the table of contents, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Old Town's basic financial statements as a whole. The proprietary fund budgetary comparison schedules, combining and individual nonmajor fund financial statements, and tax receivable schedule, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The proprietary fund budgetary comparison schedules, combining and individual nonmajor fund financial statements, and tax receivable schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the proprietary fund budgetary comparison schedules, combining and individual nonmajor fund financial statements, and tax receivable schedule are fairly stated in all material respects in relation to the 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 May 11, 2020 on our consideration of the City of Old Town'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 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 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 City of Old Town's internal control over financial reporting and compliance.

Roy & Associates, CPAs, P.A

May 11, 2020
Bangor, Maine

Visit us online: www.roycpas.com

209 State St · Bangor, Maine 04401-5412 · Tel: 207-990-8909 · Fax: 207-990-1504

City of Old Town, Maine
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

The Management Discussion & Analysis (MD&A) is a report of the City of Old Town for the fiscal year ending June 30, 2019. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the City's financial position, and the result of operations of the various funds, departments and accounts of the City. All disclosures necessary to enable the reader to gain an accurate understanding of the City's financial activities have been included.

This report covers all funds, departments and accounts of the City of Old Town, that by law or other fiduciary obligation, the City administers in connection with its responsibility in providing services. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

THE COMMUNITY

The City of Old Town is a unique island community that sits on the edge of the Great North Woods, on several islands in the Penobscot River. The City of Old Town has always held a close relationship to the Penobscot River – whether for log driving, powering sawmills, transportation, hydropower, or as a medium to float canoes. A thriving residential community of 7,840, the City of Old Town's acres of forest and beautiful waters attract outdoor enthusiasts from hunters and anglers, to hikers and canoeists, and bird watchers and photographers. More than 50 miles of rivers and streams, accessible year-round, are known nationwide for smallmouth bass. Wildlife population abounds with deer, bear, moose and coyote.

Yet with all this scenic beauty, the City of Old Town is a bustling industrial community offering access to transportation, a trained workforce, diverse population, and a progressive, forward-thinking municipal administration.

The mission of the City of Old Town is to provide and promote a safe, affordable community with quality public services. The City encourages future growth while maintaining its cultural heritage.

FINANCIAL INFORMATION

The City Administration is responsible for establishing and maintaining an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual and human resource assets of the City are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Additionally, management strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are attained. The concept of reasonable assurance recognizes that: (1) the cost of any control should not exceed the benefit likely to be derived; (2) the evaluation of cost and benefits requires judgments by management.

FINANCIAL HIGHLIGHTS

The following is a discussion of the financial highlights of the City during the past fiscal year.

- The total balance of the City's cash and cash equivalents at June 30, 2019 was \$4,401,360.
- The City's bonds payable (including bond anticipation notes) decreased by \$1,300,043 from \$10,829,086 to \$9,529,043; the City's capital lease obligations decreased from \$594,514 to \$554,030.
- Under the government-wide basis of reporting, the City's total net position increased by \$427,629 to \$32,310,652.
- The governmental fund balance as reported on the City's governmental fund financial statements increased by \$577,962 to \$7,732,307.
- The City budgeted revenues, debt proceeds, transfers-in, and special items of \$16,184,720, and expenditures and transfers-out of \$17,829,510. Budgeted expenditures include \$623,969 of amounts carried forward from prior years. On a budget basis, the City's actual expenditures and transfers-out exceeded its revenues and transfers-in by \$241,149 or 1.3%. This budget variance decreases the budget-basis fund balance which can be used to fund future expenditures and may increase the need for increases in local property taxes for the residents of Old Town.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as uncollected taxes and earned but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of the City include general government services, public safety, public works, health and welfare, education and library. The business-type activities of the City include sewer operations. The government-wide financial statements can be found on pages 17-18 of this report.

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

OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Fund Financial Statements – Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Capital assets and depreciation are not included in the governmental funds financial statements.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This statement is included in the required supplementary information portion of the financial statements.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

Proprietary Funds

The City maintains only one type of proprietary fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the City cannot use these funds to finance its operations. The City currently has no fiduciary funds.

OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Notes to the basic financial statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26-55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning financial performance (budget and actual with budget to GAAP differences and budget and actual with variances), changes in the City's other post-employment benefit liability and the City's net pension liability. Required supplementary information can be found on pages 56-60 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual statements and schedules and budgetary comparison information for the sewer fund can be found on pages 61-69 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$32,310,652 as of June 30, 2019. However, of the \$32,310,652, only \$1,943,685 of governmental net position and \$146,565 of sewer net position is unrestricted and uncommitted at June 30, 2019. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors

A portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, building improvements, vehicles, and furniture and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide service to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

A portion of the City's net position, \$5,577,178, or 17.3% represents resources that are restricted.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - continued

SUMMARY OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$10,618,469	\$10,777,700	\$1,798,749	\$2,410,085	\$12,417,218	\$13,187,785
Capital assets	22,019,965	22,878,341	11,038,397	11,183,338	33,058,362	34,061,679
Total assets	32,638,434	33,656,041	12,837,146	13,593,423	45,475,580	47,249,464
Deferred outflows of resources	542,810	1,263,600	45,358	6,762	588,168	1,270,362
Current Liabilities	2,098,510	2,071,709	579,902	2,301,415	2,678,412	4,373,124
Noncurrent Liabilities	5,494,576	7,601,703	5,133,025	3,832,713	10,627,601	11,434,416
Total liabilities	7,593,086	9,673,412	5,712,927	6,134,128	13,306,013	15,807,540
Deferred inflows of resources	413,871	829,263	33,212	-	447,083	829,263
Net position:						
Net investment in capital assets	18,982,446	19,413,050	5,660,778	6,340,916	24,643,224	25,753,966
Restricted	4,248,156	2,296,155	1,329,022	995,649	5,577,178	3,291,804
Unrestricted	1,943,685	2,707,761	146,565	129,492	2,090,250	2,837,253
Total net position	\$25,174,287	\$24,416,966	\$7,136,365	\$7,466,057	\$32,310,652	\$31,883,023

As of June 30, 2019, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as for its governmental activities. The City was also able to report positive balances in all three categories of its net position for the business-type activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - continued

The following table presents a summary of the City’s operations for the fiscal year ended June 30, 2019 with comparative totals for the fiscal year ended June 30, 2018.

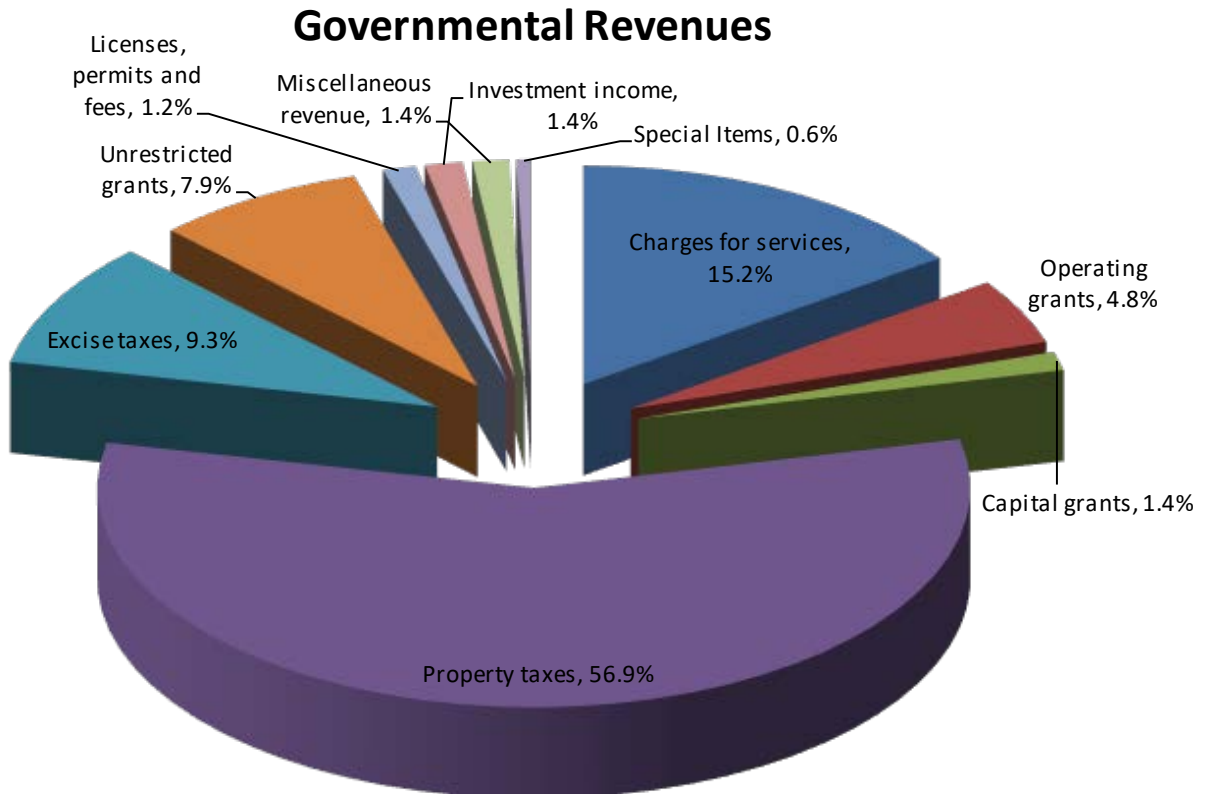
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Program revenues						
Charges for services	\$2,608,650	\$2,462,683	\$1,305,683	\$1,196,398	\$3,914,333	\$3,659,081
Operating grants & contributions	831,029	917,497	-	-	831,029	917,497
Capital grants & contributions	233,909	34,535	159,598	557,035	393,507	591,570
General revenues						
Property taxes levied for general purposes	9,744,704	9,219,228	-	-	9,744,704	9,219,228
Excise taxes	1,589,560	1,702,473	-	-	1,589,560	1,702,473
Grants and contributions not restricted to specific programs	1,346,361	1,313,885	-	-	1,346,361	1,313,885
Licenses, permits and fees	211,728	157,906	14,886	-	226,614	157,906
Unrestricted investment income	241,905	211,223	13,431	8,371	255,336	219,594
Other	233,746	792,912	9,306	-	243,052	792,912
Total revenues	<u>17,041,592</u>	<u>16,812,342</u>	<u>1,502,904</u>	<u>1,761,804</u>	<u>18,544,496</u>	<u>18,574,146</u>
Expenses:						
General government	2,676,673	2,420,915	-	-	2,676,673	2,420,915
Public safety	3,957,617	4,359,641	-	-	3,957,617	4,359,641
Public works	2,116,748	2,067,826	-	-	2,116,748	2,067,826
Health, welfare and sanitation	471,983	595,659	-	-	471,983	595,659
Culture and recreation	626,356	740,229	-	-	626,356	740,229
Airport	607,491	655,952	-	-	607,491	655,952
Education	5,202,654	5,262,006	-	-	5,202,654	5,262,006
County tax	624,067	627,134	-	-	624,067	627,134
Interest on long-term debt	95,407	112,184	-	109,887	95,407	222,071
Sewer	-	-	1,650,971	1,341,444	1,650,971	1,341,444
Total expenses	<u>16,378,996</u>	<u>16,841,546</u>	<u>1,650,971</u>	<u>1,451,331</u>	<u>18,029,967</u>	<u>18,292,877</u>
Excess (deficiency) before special items	662,596	(29,204)	(148,067)	310,473	514,529	281,269
Special Items:						
Gain/(loss) on disposition of assets	94,725	65,176	-	-	94,725	65,176
Transfers	-	22,450	-	(22,450)	-	-
Change in net position	757,321	58,422	(148,067)	288,023	609,254	346,445
Beginning net position	24,416,966	24,518,430	7,466,057	7,196,146	31,883,023	31,714,576
Prior period adjustment	-	(159,886)	(181,625)	(18,112)	(181,625)	(177,998)
Ending net position	<u>\$ 25,174,287</u>	<u>\$ 24,416,966</u>	<u>\$ 7,136,365</u>	<u>\$ 7,466,057</u>	<u>\$ 32,310,652</u>	<u>\$ 31,883,023</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS - continued

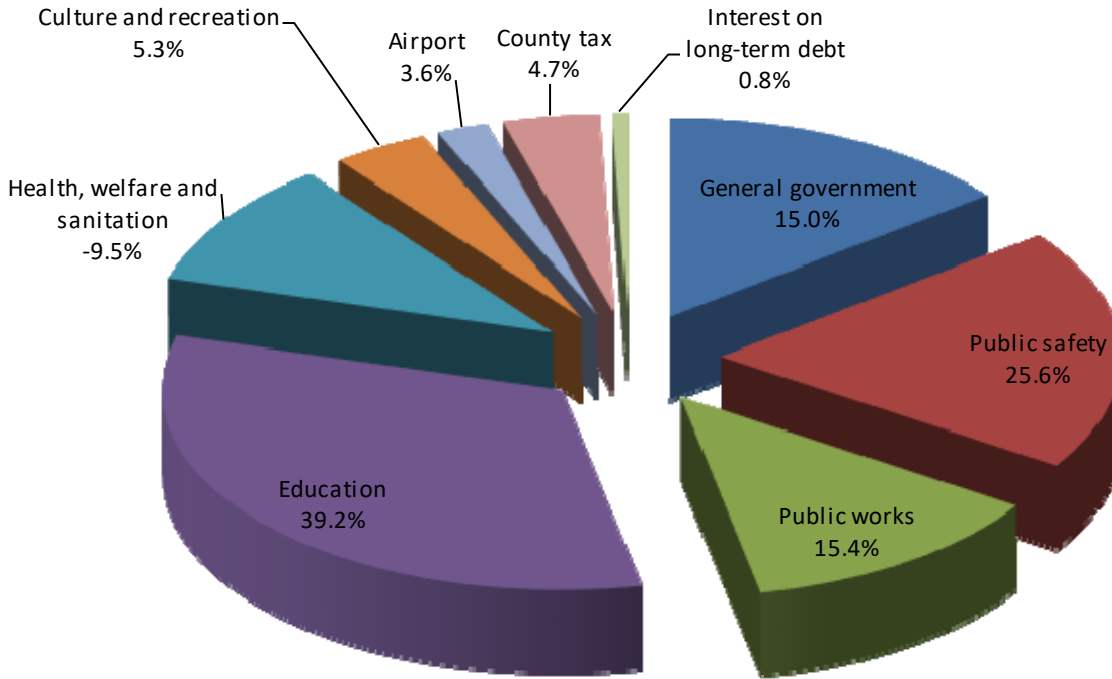
Analysis of the City's Operations

Overall the City had an increase in net position of \$427,629.

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for fiscal year 2019.



Governmental Activities



Governmental Activities

Governmental activities increased its net position by \$757,321. Net investment in capital assets decreased by \$430,604, or 2.2%, due to a net change in additions, retirements, and depreciation. Unrestricted net position decreased by \$764,076, or 28.22%.

Total revenues for governmental activities increased from the prior year by \$229,250. Of this amount, charges for services increased \$145,967, or 5.93% over prior year. Operating grants and contributions decreased \$86,468, or 9.4% from the prior fiscal year; capital grants and contributions increased \$199,374, or 577.3%, from the prior fiscal year. Property taxes increased \$525,476, or 5.70%.

Expenses of governmental activities include depreciation expense of \$1,535,195, an increase of 18.21% over the prior fiscal year. Depreciation expense has been allocated and is included in the various function/program expenses of the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

The following illustration presents the cost of each of the City's four largest programs – general government, public safety, public works, and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

	Governmental Activities			
	Total Cost		Net Cost	
	2019	2018	2019	2018
General government	\$ 2,676,673	\$ 2,420,915	\$ 2,328,936	\$ 2,018,234
Public Safety	3,957,617	4,359,641	3,122,026	3,435,011
Public Works	2,116,748	2,067,826	2,016,004	2,062,022
Education	5,202,654	5,262,006	5,202,654	5,262,006
	<u>\$ 13,953,692</u>	<u>\$ 14,110,388</u>	<u>\$ 12,669,620</u>	<u>\$ 12,777,273</u>

Business-type Activities

Net position from business-type activities decreased by \$329,692, 4.42%, from \$7,466,057 to \$7,136,365.

Charges for services increased 9.13%, or \$109,285, from the prior year, while expenses increased \$199,640 or 13.8%. Depreciation expense decreased, \$6,429 or 1.4%, from the prior year, from \$460,102 to \$453,673.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$7,732,307, \$577,962 higher than the previous year. Approximately \$1,638,182 of this amount, or 21.19%, constitutes unassigned fund balance, a decrease of \$233,464 from the previous year. The remainder of the fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - Continued

Total governmental fund expenditures for the year were \$16,622,510, representing a decrease of \$972,984, or 5.5% from the previous fiscal year. The City paid \$689,080 in capital outlays which includes the acquisition of police vehicles, a fire truck, public works vehicles, airport improvements, infrastructure improvements, as well as several other projects.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the sewer fund was \$146,565 which represents a 13.18% increase from the previous year.

General Fund Budgetary Highlights

In the general fund, the City originally budgeted for a decrease in the fund balance on a budget basis of \$200,000. The City Council authorized revisions to the original approved appropriations and transfers. Overall these changes resulted in an increase in budgeted expenditures and transfers from the original budget of \$1,653,621 or 10.2%. Increases were in operational expenditures and additional funding for capital outlays. Budget modifications increased the budgeted deficit to \$1,574,790 as reflected in the final budgeted balances. Budgeted expenditures included \$623,969 of carry forwards. Actual revenues were more than budgeted; in addition actual expenses were less than budgeted and transfers and proceeds from long-term debt were more than budgeted, therefore, the actual fund balance increase for fiscal year 2019 was \$241,149 on a budget basis.

Revenues from property taxes totaled \$9,726,597. Charges for services accounted for \$2,608,650 and intergovernmental revenue accounted for \$2,310,555 of total revenue of \$16,712,130 on a budget basis. Revenues from property taxes increased by \$285,609, revenues from charges for services increased by \$240,332 and revenues from intergovernmental sources increased by \$164,888 on a budget basis.

There were a few significant budget-to-actual variances. Of these, intergovernmental revenues were more than budgeted due to grant activity. General government, public safety, airport, and debt service principal were all over budget. Health, welfare and sanitation and capital outlay expenditures were less than budgeted. General government costs were less due to various items throughout several departments. There are several capital outlay projects uncompleted as of year-end and a number of those account balances have been carried forward to next year. Public safety expenditures exceeded the budget due to personnel turnover and use of overtime to fill unscheduled shifts, which resulted in higher than anticipated costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to , net of accumulated depreciation. The investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress. Major capital asset events during the current fiscal year include police vehicles, a truck, continuation of the airport runway improvement projects and sewer improvements. The following summarizes capital assets at year-end:

	Capital Assets at Year-End (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land & Improvements	\$ 3,435,211	\$ 3,385,317	\$ 179,427	\$ 179,427	\$ 3,614,638	\$ 3,564,744
Construction in Progress	134,999	24,947	3,593,944	3,330,776	3,728,943	3,355,723
Infrastructure	14,240,673	14,157,685	4,235,713	4,235,713	18,476,386	18,393,398
Buildings & Improvements	9,526,186	9,389,561	5,682,698	5,682,698	15,208,884	15,072,259
Equipment	3,106,108	3,093,035	6,619,520	6,613,876	9,725,628	9,706,911
Vehicles	3,760,000	3,646,296	336,791	302,979	4,096,791	3,949,275
Total capital assets	34,203,177	33,696,841	20,648,093	20,345,469	54,851,270	54,042,310
Accumulated depreciation	(12,183,212)	(10,818,500)	(9,609,696)	(9,162,131)	(21,792,908)	(19,980,631)
Capital assets, net	<u>\$ 22,019,965</u>	<u>\$ 22,878,341</u>	<u>\$ 11,038,397</u>	<u>\$ 11,183,338</u>	<u>\$ 33,058,362</u>	<u>\$ 34,061,679</u>

Additional information on the City's capital assets can be found in Note 5 of this report.

Debt Administration

The City's debt consists of bonds from various lending sources, as well as capital leases.

A summary of the City's debt activity for the year ended June 30, 2019 is detailed in Note 6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Old Town has been preparing for its future by working on five distinct and significant development projects which will position the City to respond to anticipated future development needs. These projects will place the City of Old Town in an excellent position for new, diversified growth and economic opportunities; Airport, Airport Business Park, Old Town Enterprise Park, Stillwater Avenue and Eco-Cultural Tourism. Most of these projects have had significant capital

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

support in past years and should not need the same level of investment to support or institute their use in the future. Old Town has a population of 7,840 according to the 2010 Maine Census. The regional labor force of almost 90,000 is well known for its quality skills and abilities. The labor skill set readily adapts to the needs and demands of new retail, service and industrial firms of the region.

The FY19 budget will provide the necessary resources to address most service and capital needs of the community and its residents at a tax rate that is reasonable. The City has, in the past, made significant cuts in the budget prior to presenting it to the City Council, but given the current economic conditions the City is certainly affected by increased costs due to certain commodity cost increases.

Due to demands from Citizens not to decrease services, the City's goal is to maintain the existing level of service while finding ways to reduce costs. The mil rate was \$22.35 in FY18 and increased to \$22.86 in FY19. During the past 15 years the total increase to the City budget has averaged at or below the cost of living.

The City continues to develop properties that can be marketed for industrial and business growth in the City. These projects include Airport-Aviation Projects, Airport Business Park, Private Hangars, Old Town Canoe grants and TIF, Former Old Town Canoe Brownfield site, Old Town Enterprise Park (Penny Road) and Eco-Cultural Tourism projects. Funding is from grants and City reserve accounts.

The Strategy of this base development is to increase the taxable property in the City to offset budgetary increases for the City, School and County services, especially in light of the last few years of changes to the existing industrial tax base, as well as developing new opportunities for future generations to live and work in Old Town.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information concerning these financial reports, contact the Finance Department, Attn: Finance Director, 265 Main Street, Old Town, Maine 04468, telephone 207-827-3965.

City of Old Town, Maine
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,288,306	\$ 1,113,054	\$ 4,401,360
Investments	4,175,155	-	4,175,155
Taxes receivable, net	688,513	-	688,513
Other receivables, net	440,334	478,465	918,799
Internal balances	18,248	(18,248)	-
Due from fiduciary funds	-	-	-
Due from other governments	157,411	162,676	320,087
Inventories	29,569	-	29,569
Prepays	53,123	-	53,123
Long-term notes and receivables, net	26,974	62,802	89,776
Due from RSU #34 for debt service payments	1,740,836	-	1,740,836
Capital Assets	22,019,965	11,038,397	33,058,362
Non-depreciable	-	-	-
Depreciable, net	-	-	-
Other capital assets	-	-	-
Total assets	<u>32,638,434</u>	<u>12,837,146</u>	<u>45,475,580</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	490,641	39,462	530,103
Other post employment benefits	52,169	5,896	58,065
Total deferred outflows of resources	<u>542,810</u>	<u>45,358</u>	<u>588,168</u>
LIABILITIES			
Accounts payable and accrued expenses	568,902	100,628	669,530
Due to fiduciary funds	-	-	-
Due to other governments	50,793	-	50,793
Deferred revenues	-	-	-
Accrued interest	44,652	33,314	77,966
Bond anticipation notes payable	-	-	-
Long-term liabilities			
Due within one year:			
Bonds payable	883,799	407,350	1,291,149
Capital leases	111,885	-	111,885
Compensated absences	438,479	38,610	477,089
Claims and judgments	-	-	-
Due in more than one year:			
Bonds payable	3,267,625	4,970,269	8,237,894
Accrued interest	-	-	-
Capital leases	442,145	-	442,145
Compensated absences	109,620	9,652	119,272
Accrued post retirement benefits	541,819	61,948	603,767
Pension	1,133,367	91,156	1,224,523
Claims and judgments	-	-	-
Total liabilities	<u>7,593,086</u>	<u>5,712,927</u>	<u>13,306,013</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid property taxes	20,604	-	20,604
Pensions	349,454	28,106	377,560
Other post employment benefits	43,813	5,106	48,919
Total deferred inflows of resources	<u>413,871</u>	<u>33,212</u>	<u>447,083</u>
NET POSITION			
Net investment in capital assets	18,982,446	5,660,778	24,643,224
Restricted for:			
Endowments	1,775,830	-	1,775,830
Capital projects	2,351,743	326,286	2,678,029
Other purposes	120,583	1,002,736	1,123,319
Unrestricted	1,943,685	146,565	2,090,250
Total net position	<u>\$ 25,174,287</u>	<u>\$ 7,136,365</u>	<u>\$ 32,310,652</u>

The accompanying notes are an integral part of the financial statements.

City of Old Town, Maine
STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities:							
General government	\$ 2,676,673	\$ 13,934	\$ 233,803	\$ 100,000	\$ (2,328,936)	\$ -	\$ (2,328,936)
Public safety	3,957,617	750,553	85,038	-	(3,122,026)	-	(3,122,026)
Public works	2,116,748	-	100,744	-	(2,016,004)	-	(2,016,004)
Health, welfare and sanitation	471,983	1,687,156	411,444	-	1,626,617	-	1,626,617
Culture and recreation	626,356	10,531	-	-	(615,825)	-	(615,825)
Airport	607,491	146,476	-	133,909	(327,106)	-	(327,106)
Education	5,202,654	-	-	-	(5,202,654)	-	(5,202,654)
County tax	624,067	-	-	-	(624,067)	-	(624,067)
Interest on long-term debt	95,407	-	-	-	(95,407)	-	(95,407)
Total governmental activities	<u>16,378,996</u>	<u>2,608,650</u>	<u>831,029</u>	<u>233,909</u>	<u>(12,705,408)</u>	<u>-</u>	<u>(12,705,408)</u>
Business-type activities:							
Sewer fund	1,650,971	1,305,683	-	159,598	-	(185,690)	(185,690)
Total business-type activities	<u>1,650,971</u>	<u>1,305,683</u>	<u>-</u>	<u>159,598</u>	<u>-</u>	<u>(185,690)</u>	<u>(185,690)</u>
Total primary government	<u>\$ 18,029,967</u>	<u>\$ 3,914,333</u>	<u>\$ 831,029</u>	<u>\$ 393,507</u>	<u>(12,705,408)</u>	<u>(185,690)</u>	<u>(12,891,098)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					9,744,704	-	9,744,704
Public service taxes					1,589,560	-	1,589,560
Grants and contributions not restricted to specific programs					1,346,361	-	1,346,361
Licenses, permits and fees					211,728	14,886	226,614
Unrestricted investment earnings (loss)					241,905	13,431	255,336
Miscellaneous revenue					233,746	9,306	243,052
<i>Special items</i> - gain (loss) on disposition of asset					94,725	-	94,725
Total general revenues and special items					<u>13,462,729</u>	<u>37,623</u>	<u>13,500,352</u>
Change in net position					757,321	(148,067)	609,254
Net position - beginning					24,416,966	7,466,057	31,883,023
Prior period adjustments					-	(181,625)	(181,625)
Net position - ending					<u>\$ 25,174,287</u>	<u>\$ 7,136,365</u>	<u>\$ 32,310,652</u>

The accompanying notes are an integral part of the financial statements.

City of Old Town, Maine

BALANCE SHEET

Governmental Funds

June 30, 2019

	General Fund	Various Capital Reserves	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,183,195	\$ -	\$ 105,111	\$ 3,288,306
Investments	2,207,624	-	1,967,531	4,175,155
Taxes receivable, net	688,513	-	-	688,513
Due from other funds	(3,081,059)	3,114,054	-	32,995
Receivable from other governments	157,411	-	-	157,411
Other receivables, net	467,308	-	-	467,308
Inventories	29,569	-	-	29,569
Total assets	3,652,561	3,114,054	2,072,642	8,839,257
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	350,024	-	-	350,024
Due to other funds	-	-	14,747	14,747
Payable to other governments	50,533	-	-	50,533
Other accrued expenses	217,066	-	-	217,066
Other payables	2,072	-	-	2,072
Total liabilities	619,695	-	14,747	634,442
Deferred inflows of resources:				
Prepaid property taxes	20,604	-	-	20,604
Unavailable revenues	451,904	-	-	451,904
Total deferred inflows of resources	472,508	-	-	472,508
Fund balances:				
Nonspendable:				
Inventories	29,569	-	-	29,569
Loans receivable	26,974	-	-	26,974
Restricted	64,040	-	1,775,830	1,839,870
Committed	801,593	3,114,054	-	3,915,647
Assigned	-	-	282,065	282,065
Unassigned	1,638,182	-	-	1,638,182
Total fund balances	2,560,358	3,114,054	2,057,895	7,732,307
Total liabilities, deferred inflows of resources and fund balances	\$ 3,652,561	\$ 3,114,054	\$ 2,072,642	\$ 8,839,257

The accompanying notes are an integral part of the financial statements.

City of Old Town, Maine
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 June 30, 2019

Total fund balance, governmental funds		\$ 7,732,307
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Prepays are not reported as assets in the fund financial statements but are reported as assets in the governmental activities of the Statement of Net Position.		53,123
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.		22,019,965
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		1,740,836
Deferred property tax revenue included in fund financial statements not included in governmental activities of the Statement of Net Position.		451,904
Deferred outflows related to pensions and other post employment benefits 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.		542,810
Deferred inflows related to pensions are not due and payable in the current period and are not included in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		(393,267)
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds 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.		(6,943,947)
Net Position of Governmental Activities in the Statement of Net Position		\$ 25,203,731

The accompanying notes are an integral part of the financial statements.

City of Old Town, Maine
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
For the year ended June 30, 2019

	<u>General Fund</u>	<u>Various Capital Reserves</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 9,726,597	\$ -	\$ -	\$ 9,726,597
Excise and miscellaneous taxes	1,589,560	-	-	1,589,560
Fees and fines	53,090	-	-	53,090
Licenses and permits	158,638	-	-	158,638
Intergovernmental	2,310,555	100,744	-	2,411,299
Charges for services	2,608,650	-	-	2,608,650
Investment earnings	148,904	228	92,773	241,905
Miscellaneous	116,136	117,610	-	233,746
Total revenues	<u>16,712,130</u>	<u>218,582</u>	<u>92,773</u>	<u>17,023,485</u>
EXPENDITURES				
Current:				
General government	2,461,570	85,826	-	2,547,396
Public safety	3,952,589	10,756	-	3,963,345
Public works	1,586,908	-	-	1,586,908
Health, welfare and sanitation	471,983	-	-	471,983
Culture and recreation	546,433	30,733	20,973	598,139
Airport	236,280	-	-	236,280
Education	5,202,654	-	-	5,202,654
County tax	624,067	-	-	624,067
Debt Service:				
Principal	570,674	-	-	570,674
Interest	103,979	-	-	103,979
Capital Outlay	717,085	-	-	717,085
Total expenditures	<u>16,474,222</u>	<u>127,315</u>	<u>20,973</u>	<u>16,622,510</u>
Excess (deficiency) of revenues over expenditures	<u>237,908</u>	<u>91,267</u>	<u>71,800</u>	<u>400,975</u>
OTHER FINANCING SOURCES (USES)				
Capital leases	70,000	-	-	70,000
Transfers in	561,831	1,394,266	-	1,956,097
Transfers out	(1,217,875)	(723,222)	(15,000)	(1,956,097)
Total other financing sources and uses	<u>(586,044)</u>	<u>671,044</u>	<u>(15,000)</u>	<u>70,000</u>
SPECIAL ITEM				
Proceeds from sale of capital assets	106,987	-	-	106,987
Total Special Items	<u>106,987</u>	<u>-</u>	<u>-</u>	<u>106,987</u>
Net change in fund balances	(241,149)	762,311	56,800	577,962
Fund balances - beginning	<u>2,801,507</u>	<u>2,351,743</u>	<u>2,001,095</u>	<u>7,154,345</u>
Fund balances - ending	<u>\$ 2,560,358</u>	<u>\$ 3,114,054</u>	<u>\$ 2,057,895</u>	<u>\$ 7,732,307</u>

The accompanying notes are an integral part of the financial statements.

City of Old Town, 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:	\$ 577,962
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.	
This is the amount by which capital outlays, \$689,080, exceeded depreciation, \$1,535,195, in the current period.	(846,115)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the statement of activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(12,262)
Prepays are not reported as assets in the fund financial statements but are reported as assets in the governmental activities of the statement of net position.	(15,284)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	18,107
Governmental funds report proceeds of long-term debt as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of long-term debt 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.	500,673
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Accrued interest not reflected on governmental funds	8,572
Accrued compensated absences	(15,366)
Accrued post employment benefits	(11,556)
Pension expense	552,589
Rounding	1
Change in net position of governmental activities	\$ 757,321

The accompanying notes are an integral part of the financial statements.

City of Old Town, Maine
STATEMENT OF NET POSITION
Proprietary Funds
June 30, 2019

	Enterprise Funds
	Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,113,054
Accounts receivable, net	478,465
Receivables from other governments	162,676
Other receivables	62,802
Total current assets	1,816,997
Non-current assets:	
Capital Assets	
Construction in progress	3,593,944
Nondepreciable	179,427
Depreciable, net	7,265,026
Total non-current assets	11,038,397
Total assets	12,855,394
DEFERRED OUTFLOWS OF RESOURCES	
Pension and other post employment benefits	45,358
Total deferred outflows of resources	45,358
LIABILITIES	
Current Liabilities:	
Accounts payable	83,015
Accrued wages	17,613
Accrued interest payable	33,314
Due to other funds	18,248
Compensated absences	38,610
Bonds payable	407,350
Total current liabilities	598,150
Non-current liabilities:	
Pension and other post employment benefits	162,756
Bonds payable	4,970,269
Total non-current liabilities	5,133,025
Total liabilities	5,731,175
DEFERRED INFLOWS OF RESOURCES	
Pension and other post employment benefits	33,212
Total deferred outflows of resources	33,212
NET POSITION	
Net investment in capital assets	5,660,778
Restricted for capital projects	326,286
Restricted for other purposes	1,002,736
Unrestricted	146,565
Total net position	\$ 7,136,365

The accompanying notes are an integral part of the financial statements.

City of Old Town, Maine
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
Proprietary Funds
For the year ended June 30, 2019

	Enterprise Funds
	Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 1,329,875
Total operating revenues	1,329,875
OPERATING EXPENSES	
Administration	129,051
Personal services	485,716
Maintenance	225,240
Waste treatment facility	159,508
Sludge disposal	60,447
Depreciation	453,673
Total Operating Expenses	1,513,635
Operating income (loss)	(183,760)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	13,431
Interest expense	(137,336)
Total non-operating revenue (expenses)	(123,905)
Income (loss) before contributions and transfers	(307,665)
Capital grants & contributions	159,598
Change in net position	(148,067)
Total net position - beginning	7,466,057
Prior period adjustment	(181,625)
Total net position - ending	\$ 7,136,365

The accompanying notes are an integral part of the financial statements.

City of Old Town, Maine

STATEMENT OF CASH FLOWS

Proprietary Fund

For the year ended June 30, 2019

	Enterprise Fund
	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from user charges	\$ 1,545,017
Paid for administrative services	(129,051)
Paid for employees and benefits	(402,892)
Paid to suppliers for goods and services	(599,629)
Net cash provided (used) by operating activities	413,445
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments on bond anticipation note	(1,650,000)
Net cash used by noncapital financing activities	(1,650,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Collection of notes receivable	14,285
Acquisition of capital assets	(308,732)
Interest paid on debt	(136,627)
Proceeds of bonds	1,650,000
Repayment of bonds and capital leases	(348,424)
Net cash provided (used) by capital activities	870,502
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	314,760
Interest on cash and investments	13,431
Net cash provided (used) by investing activities	328,191
Net decrease in cash and cash equivalents	(37,862)
Cash and cash equivalents, beginning	1,150,916
Cash and cash equivalents, ending	\$ 1,113,054
Reconciliation of operating income (loss) to	
net cash used by operating activities	
Operating income (loss)	\$ (183,760)
Adjustments to reconcile operating income (loss)	
to net cash flows from operating activities:	
Depreciaton	453,673
Changes in assets and liabilities	
(Increase) decrease in receivable, net	215,142
(Increase) decrease in prepaid expenses	3,791
(Increase) decrease in deferred outflows of resources	(38,596)
Increase (decrease) in accounts payable	(149,870)
Increase (decrease) in interfund payables	(8,355)
Increase (decrease) in accrued wages	1,534
Increase (decrease) in compensated absences	29,009
Increase (decrease) in other post employment benefits	57,665
(Increase) decrease in deferred inflows of resources	33,212
Net cash provided by operating activities	\$ 413,445

The accompanying notes are an integral part of the financial statements.

City of Old Town, Maine
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Old Town (the “City”) was incorporated on March 30, 1891 under the laws of the State of Maine. The City operates under a Council-Manager form of government and provides the following services: general government administration, public safety, public works, health and welfare, sanitation, airport, waste water treatment, education and library.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable 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 *Audit and Accounting Guide – State and Local Governments* and the Financial Accounting Standards Board Standards, when applicable. The more significant accounting policies of the City are described below.

A. Financial Reporting Entity

The City’s basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City’s reporting entity, as set forth in Section 2100 of GASB’s *Codification of Governmental Accounting and Financial reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization’s board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Old Town has one component unit, Old Town Development, LLC. Old Town Development is a legally separate organization that has its board appointed by the city council and whose sole member is the City. Therefore, the City reports Old Town Development’s balances and transactions as though they were a part of the City, using the blending method. Old Town Development is member managed.

Old Town Development was created in 2010 for purposes related to the promotion and facilitation of economic development within the City of Old Town, including, but not limited to, the application for and receipt of grant and/or other funds identified by the Managers and the disbursement of such funds, to own, hold, manage, develop, rehabilitate and/or lease land and buildings located in Old Town, Maine and for such other purposes reasonably related to or ancillary to the foregoing as approved by the Managers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity within the governmental and business-type activities columns, if applicable, has been removed from these statements. 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. Fiduciary funds and/or component units that are fiduciary in nature are not included in government-wide financial statements.

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.

Fund Financial Statements

The City segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental, proprietary and fiduciary activities (when applicable). These statements present each major fund as a separate column on the fund financial statements, all non-major funds are aggregated and presented in a single column.

C. 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 City has presented the following governmental funds:

General Fund

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Governmental Funds – Continued

Capital Reserves Fund

The capital reserves fund is used to account for funds reserved by authorization of City Council.

Permanent Funds

Permanent funds are used to account for the Cemetery and Library trust funds.

D. Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the statement of net assets.

The City has presented the following major proprietary fund:

Enterprise Fund

The enterprise fund is used to account for the operations of the waste water treatment plant. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt for the sewer fund. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary, to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel, contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Fiduciary Funds (Not included in the government-wide statements)

Fiduciary funds are not included in the government-wide statements. The City currently has no fiduciary funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. 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 refers to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary 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 assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled sewer services which are accrued. 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. Agency funds are also presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are “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 pay liabilities of the current period. The City considers property taxes 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.

G. Fund Balance Restrictions

Fund balances for governmental funds have been classified in accordance with section 1800, Classification and Terminology, of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*. The City reported the following fund balance restrictions:

Nonspendable Fund Balance – indicates items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless those proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Fund Balance Restrictions – Continued

Restricted Fund Balances – includes balances that are legally restricted for specific purposes due to constraints that are either externally imposed by creditors, grantors, contributors, or imposed by law through a constitutional provision or enabling legislation.

Committed Fund Balances – indicates assets that can be used only for specific purposes pursuant to constraints imposed by a formal action of a vote of the City Council, the City’s highest level of decision-making authority. This formal action is the passage of the City budget, creating, modifying, or rescinding an appropriation.

Assigned Fund Balances – includes amounts that are constrained by the City’s intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.

Unassigned Fund Balance – is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

H. Revenues and Expenses

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function (e.g. general government, public safety, education, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include: charges to customers or applicants for goods, services, or privileges provided; operating grants and contributions; and capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the governmental fund financial statements, revenues are reported by source. For budgetary control purposes, revenues are further classified as restricted or unrestricted, which can further be classified as committed, assigned or unassigned. The City’s policy is that restricted amounts are spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Within unrestricted fund balance, the City’s policy is that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used in the governmental fund financial statements. Expenditures are reported by function.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

H. Revenues and Expenses – Continued

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are sub-classified by object. The City uses the criteria prescribed in Section 2450 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, Cash Flows Statements, paragraphs .114 and .115 to determine operating revenues and expenses. Operating revenue includes sewer user fees, and all other revenues that do not result from transactions defined as capital and related financing, non-capital and related financing, or investing activities. Operating expenses include salaries and wages, utilities, maintenance, depreciation of fixed assets, administrative expenses and all other expenses that do not result from transactions defined as capital and related financing, non-capital and related financing, or investing activities.

I. Budgets and Budgetary Accounting

The City utilizes a formal budgetary accounting system to control revenues accounted for in the general fund and the enterprise fund. These budgets are established in accordance with the various laws which govern the City's operations.

Generally, appropriations for the general fund and the enterprise fund lapse at year end, except for balances approved to be carried forward by City Council.

Formal budgets are not adopted for the other funds. Grant procedures for many of the revenues included in the special revenue funds require submission of a budget. However, such budgets are not subject to formal adoption procedures and are normally prepared based upon the grant period which does not necessarily correspond with the City's fiscal year.

The City prepares its general fund annual budget on a basis (budget basis), which does not differ from generally accepted accounting principles (GAAP basis). Additional information is presented in Note 2.

J. Deposits and Investments

For purposes of the statement of cash flows, the proprietary and fiduciary funds consider 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 3.

Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Additional information is presented in Note 3.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K. Inventories

Inventories of gasoline, diesel and aviation fuel in the general fund are valued at the lower of cost or market value.

L. Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

M. Transactions between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of governmental funds.

N. Capital Assets

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

General fixed assets capitalized have an original cost of \$5,000 or more and over one year of useful life. General infrastructure assets capitalized have an original cost of \$25,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method over the following estimated useful lives in years:

Buildings & Improvements	20-50
Sewer Systems	50-100
Machinery & Equipment	3-50
Vehicles	3-25
Infrastructure	20-35

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

O. Long-term Debt

The accounting treatment of long-term debt 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 debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes or bonds payable and capital leases.

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

P. Compensated Absences

The City's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these governmental compensated absences is recorded in both the government-wide and fund financials. The proprietary fund reports the liability as it is incurred, also in both the government-wide and fund financials.

Q. 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 assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

R. Property Taxes

Property taxes (real and personal, except vehicles) are assessed to the owner of record on April 1. On August 7, 2018 the taxes were committed to the tax collector for collection. One half of the taxes were due on September 12, 2018 and the second half was due on March 13, 2019. Interest is assessed from September 13, 2018 and March 14, 2019 at 7.00% per year on any amount unpaid as of September 12, 2018 and March 13, 2019 respectively. Tax liens on delinquent taxes may be placed on real property after eight months and within twelve months following the commitment date. The City may foreclose on property if the lien, interest and costs are not paid within eighteen months from the date the lien is filed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

R. Property Taxes - Continued

The City is permitted by statute to levy taxes up to 105% of its net budgeted expenditures for the fiscal year.

Included in the City's tax assessment of \$22.86 per \$1,000 of assessed valuation is \$1.53 which represents the local assessment for county taxes and \$12.18 which represents the local assessment for education. These taxes are collected by the City and forwarded as required by the taxing agency.

The 2019 tax levy is summarized as follows:

Assessed Value	
Real property	\$ 407,307,400
Personal property	19,768,800
	<u>427,076,200</u>
Tax rate (per \$1,000)	<u>22.86</u>
Commitment	9,762,962
Supplementals	470
Less abatements	(18,728)
Less collections	<u>(9,327,235)</u>
Receivable at June 30, 2019	<u><u>\$ 417,469</u></u>
Collection rate	95.73%

S. Tax Abatements

The City enters into property tax abatement agreements with individuals. Taxes are reduced through reduction of the assessed value. The abatement is determined by a specific dollar amount. For the fiscal year ended June 30, 2019, the City abated property taxes totaling \$18,728 related to errors in assessments.

T. 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 MainePERS Participating Local District (PLD) Consolidated Retirement Plan and additions to/deductions from the PLD's fiduciary net position have been determined on the same basis as they are reported by the PLD. For this purpose, benefit payments (including refunds to employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. BUDGET BASIS OF ACCOUNTING

The City prepares its general fund annual budget on a basis (budget basis), which does not differ significantly from generally accepted accounting principles (GAAP basis). The general fund had the following budget over expenditures:

General government	\$ 332,152
Public Safety	336,739
Airport	32,224
Debt Service - principal	\$ 110,484

The City prepares its sewer fund annual budget on a basis which differs from GAAP. The budget and all transactions are presented in accordance with the City’s method (budget basis) in the Statement of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual (with budget to GAAP differences) – Sewer Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis in the sewer fund are depreciation and other post-employment benefits which are recognized for GAAP basis only and capital asset additions and principal payments which are recognized for budget basis only, and certain revenue is budgeted as a direct increase in equity.

Adjustments necessary to convert the sewer fund’s excess of revenues and other sources over expenditures and other uses on the budget basis to GAAP basis are provided below:

Change in net position - budget basis	\$ (351,550)
Current year depreciation expense	(453,673)
Current year capital asset additions	308,732
Current year principal payments	<u>348,424</u>
Change in net position - GAAP basis	<u>\$ (148,067)</u>

3. DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2019, the City reported deposits of \$4,401,360 with bank balances of \$4,564,897. Of the City’s total bank balance of \$4,564,897, \$2,195,400 was insured by Federal Deposit Insurance and \$2,369,497 was collateralized by underlying securities held by the related bank, which were not in the City’s name.

Reported in governmental funds	\$ 3,288,306
Reported in proprietary funds	<u>1,113,054</u>
Total Deposits	<u>\$ 4,401,360</u>

3. DEPOSITS AND INVESTMENTS – Continued

B. Investments

Maine statutes authorize the City to invest in certificates of deposit, repurchase agreements, and other available bank investments. In addition, the City can invest in direct debt securities obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks and bonds and certificates of deposit.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments. The City does not have an investment policy for custodial credit risk. The City’s investments of \$4,175,155, invested in money market funds, U.S. Agency notes, corporate bonds, stock mutual funds and common stock, are not exposed to custodial credit risk as the investments are in the City’s name.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. There is no concentration of credit risk policy for the City’s investments. At June 30, 2019, there were no investments that represent five percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds are excluded from this requirement.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality ratings of investments as described by nationally recognized statistical rating organizations. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City does not have a policy related to interest rate risk. The City is required to disclose the interest rate risk of its debt investments as follows.

	Due in less than one Year	Due in 1-5 Years	No Maturity
U.S. Agency Notes	\$ -	\$ 973,933	\$ -
Corporate Bonds	1,218,308	15,383	-
Equities	-	-	1,305,567
Mutual Funds	-	-	654,031
Real Estate	-	-	7,933
Total debt investments	<u>\$ 1,218,308</u>	<u>\$ 989,316</u>	<u>\$ 1,967,531</u>

3. DEPOSITS AND INVESTMENTS – Concluded

B. Investments – Concluded

Investments of have been reported as follows:

Reported in governmental funds	\$ 4,175,155
Reported in proprietary funds	-
Total Investments	<u>\$ 4,175,155</u>

The City’s investments by type are as follows:

U.S. Agency Notes	\$ 973,933
Corporate Bonds	1,233,691
Mutual Funds	654,031
Equities	1,305,567
Real Estate	7,933
	<u>\$ 4,175,155</u>

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City’s investments use Level 1 inputs.

4. RECEIVABLES

Receivable balances are segregated by type, and presented in the fund financial statements net of allowance for uncollectible amounts. The following table disaggregates amounts considered to be uncollectible by fund and type of receivable as of June 30, 2019:

	<u>Accounts</u>	<u>Loans</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
Governmental Funds:				
General Fund	574,534	30,974	<u>(138,200)</u>	\$ 467,308
Allowance for Uncollectibles	<u>(134,200)</u>	<u>(4,000)</u>		
Net Receivables	<u>\$ 440,334</u>	<u>\$ 26,974</u>		<u>\$ 467,308</u>
 Proprietary Funds:				
Sewer Fund	551,465	67,802	<u>(78,000)</u>	\$ 541,267
Allowance for Uncollectibles	<u>(73,000)</u>	<u>(5,000)</u>		
Net Receivables	<u>\$ 478,465</u>	<u>\$ 62,802</u>		<u>\$ 541,267</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is summarized below.

	Balance 06/30/18	Increases	Decreases	Balance 06/30/19
Governmental Activities:				
<i>Non-Depreciable Assets:</i>				
Land	\$ 1,422,119	\$ -	\$ -	\$ 1,422,119
Construction in Progress	24,947	159,947	(49,895)	134,999
Total Non-Depreciable Assets	<u>1,447,066</u>	<u>159,947</u>	<u>(49,895)</u>	<u>1,557,118</u>
<i>Depreciable Assets:</i>				
Buildings & Improvements	9,389,561	136,625	-	9,526,186
Equipment & Furniture	3,093,035	195,818	(182,745)	3,106,108
Vehicles	3,646,296	113,704	-	3,760,000
Land Improvements	1,963,198	49,894	-	2,013,092
Infrastructure	14,157,685	82,988	-	14,240,673
Total Depreciable Assets	<u>32,249,775</u>	<u>579,029</u>	<u>(182,745)</u>	<u>32,646,059</u>
<i>Less accumulated depreciation for:</i>				
Buildings & Improvements	(3,126,463)	(220,075)	-	(3,346,538)
Equipment & Furniture	(2,379,675)	(214,753)	170,483	(2,423,945)
Vehicles	(1,882,366)	(392,300)	-	(2,274,666)
Land Improvements	(383,328)	(92,092)	-	(475,420)
Infrastructure	(3,046,668)	(615,975)	-	(3,662,643)
Total accumulated depreciation	<u>(10,818,500)</u>	<u>(1,535,195)</u>	<u>170,483</u>	<u>(12,183,212)</u>
Total capital assets being depreciated, net	<u>21,431,275</u>	<u>(956,166)</u>	<u>(12,262)</u>	<u>20,462,847</u>
Governmental activities capital assets, net	<u>\$ 22,878,341</u>	<u>\$ (796,219)</u>	<u>\$ (62,157)</u>	<u>\$ 22,019,965</u>

5. CAPITAL ASSETS – Concluded

Depreciation expense for the year ended June 30, 2019 was charged as direct expense to programs as follows:

<i>Governmental Activities</i>	
General government	\$ 156,360
Public safety	330,866
Public works	628,791
Culture and recreation	47,999
Airport	<u>371,179</u>
Governmental activities depreciation expense	<u>\$ 1,535,195</u>
 <i>Busines-type Activities</i>	
Sewer Fund depreciation expense	<u>\$ 453,673</u>

Total interest costs of \$0 were incurred during the year ending June 30, 2019. All interest was expensed.

6. LONG-TERM DEBT

The following is a summary of general obligation and proprietary fund bonds payable transactions of the City for the year ended June 30, 2019:

	Original Amount	Principal Balance 06/30/18	Proceeds	Payments	Principal Balance 06/30/19	Due in 1 year
<u>Governmental Debt</u>						
General Obligation Bonds Payable						
<i>Maine Municipal Bond Bank</i>						
2002 public improvement bond, due 2022, with annual principal payments and semi-annual interest payments. Interest ranges from 3.050% to 5.250%	\$ 2,500,000	\$ 625,000	\$ -	\$ (125,000)	\$ 500,000	\$ 125,000
2002 school construction bond, due 2022, with annual principal payments and semi-annual interest payments. Interest ranges from 3.050% to 5.250%	11,316,198	2,829,050	-	(565,810)	2,263,240	565,810
2008 school renovation revolving loan fund due 2018; annual principal payments with no interest	2,000,000	67,820	-	(67,820)	-	-
2009 Bangor Savings Bank Municipal Building due 2029; annual payments of \$70,540, interest at 65% of the Libor Swaps five year rate plus 2.85%, determined at the beginning of each five year period.	1,410,825	846,479	-	(70,540)	775,939	70,540
2015 general obligation bond, due 2023; annual principal payments and semi-annual interest payments, interest rate of 2.15%.	1,000,000	<u>734,694</u>	<u>-</u>	<u>(122,449)</u>	<u>612,245</u>	<u>122,449</u>
Total General Obligation Bonds		<u>\$ 5,103,043</u>	<u>\$ -</u>	<u>\$ (951,619)</u>	<u>\$ 4,151,424</u>	<u>\$ 883,799</u>

City of Old Town, Maine
Notes to Financial Statements – Continued
June 30, 2019

6. LONG-TERM DEBT – Continued

	Original Amount	Balance 06/30/18	Proceeds	Payments	Balance 06/30/19	Due in 1 year
<i>Business-type Debt</i>						
Proprietary Fund Bonds Payable						
<i>Rural Development</i>						
4.25% 2003 treatment facility construction and improvements bond due 2031, annual principal and semi-annual interest.	2,000,000	1,000,000	-	(71,429)	928,571	71,429
4.125% 2007 treatment facility construction and improvement bond due 2022, annual principal and semi-annual interest.	914,000	554,928	-	(32,643)	522,285	32,642
1.375% 2016 treatment facility construction and improvement bond due 2029, annual principal and semi-annual interest.	439,000	422,115	-	(16,885)	405,230	16,885
1.375% 2017 treatment facility construction and improvement bond due 2029, annual principal and semi-annual interest.	1,304,000	1,304,000	-	(44,967)	1,259,033	44,966
1.75% 2018 treatment facility construction and improvement bond due 2046, annual principal and semi-annual interest.	1,650,000	-	1,650,000	-	1,650,000	58,929
<i>Maine Municipal Bond Bank</i>						
2.380% 2002 treatment facility construction bond due 2022, annual principal and semi-annual interest.	3,000,000	600,000	-	(150,000)	450,000	150,000
1.60% 2003 treatment facility construction and improvement bond due 2024, annual principal and semi-annual interest.	1,525,290	195,000	-	(32,500)	162,500	32,500
Total Proprietary Fund Bonds		<u>4,076,043</u>	<u>1,650,000</u>	<u>(348,424)</u>	<u>5,377,619</u>	<u>407,351</u>
Total general obligation and proprietary fund bonds payable		<u>\$ 9,179,086</u>	<u>\$ 1,650,000</u>	<u>\$ (1,300,043)</u>	<u>9,529,043</u>	<u>\$ 1,291,150</u>
Less current portion					<u>(1,291,150)</u>	
					<u>\$ 8,237,893</u>	

Future maturities of general obligation and proprietary fund bonds payable are as follows:

Year ended June 30	General Obligations		Proprietary Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 883,799	\$ 166,684	\$ 407,350	\$ 100,572	\$ 1,291,149	\$ 267,256
2021	883,799	125,037	407,350	122,734	1,291,149	247,771
2022	883,799	83,490	407,350	112,168	1,291,149	195,658
2023	883,799	41,944	257,350	101,517	1,141,149	143,461
2024	192,989	18,574	257,350	94,520	450,339	113,094
2025-2029	352,700	46,378	1,124,251	352,780	1,476,951	399,158
2030-2034	70,539	1,334	981,394	213,333	1,051,933	214,667
2035-2039	-	-	636,536	108,709	636,536	108,709
2040-2044	-	-	587,008	53,449	587,008	53,449
2045-2049	-	-	311,680	8,435	311,680	8,435
Totals	<u>\$ 4,151,424</u>	<u>\$ 483,441</u>	<u>\$ 5,377,619</u>	<u>\$ 1,268,217</u>	<u>\$ 9,529,043</u>	<u>\$ 1,751,658</u>

6. LONG-TERM DEBT – Continued

As of July 1, 2009, the City of Old Town School Department joined Regional School Unit (RSU) #34. As part of the agreement, certain liabilities of the school department were transferred to RSU #34, except for general obligation bonds which remain obligations of the City of Old Town. RSU #34 is obligated to reimburse the City for the annual debt service payments on the school-related bonds of \$2,263,240. This obligation has been recorded as a long-term receivable from RSU #34 on the entity wide statement of net position.

Other Long-Term Debt

The following is a summary of other long-term debt transactions of the City for the fiscal year ended June 30, 2019:

	Balance 06/30/18	Additions	Reductions	Balance 06/30/19	Due Within One Year
Governmental Activities:					
Capital lease	\$ 594,514	\$ 70,000	\$ 110,484	\$ 554,030	\$ 111,885
Compensated absences	532,733	109,274	93,908	548,099	438,479
Other post employment benefits	581,505	-	39,686	541,819	-
Pension	1,934,467	-	801,100	1,133,367	-
Total Governmental Activities	<u>\$ 3,643,219</u>	<u>\$ 179,274</u>	<u>\$ 1,045,178</u>	<u>\$ 2,777,315</u>	<u>\$ 550,364</u>
Business-Type Activities					
Compensated absences	\$ 48,005	\$ 2,595	\$ 2,338	\$ 48,262	\$ 38,610
Other post employment benefits	66,687	-	4,739	61,948	-
Total Business-Type Activities	<u>\$ 114,692</u>	<u>\$ 2,595</u>	<u>\$ 7,077</u>	<u>\$ 110,210</u>	<u>\$ 38,610</u>

Capital leases are for equipment and vehicles. Leases contain a bargain purchase option. Amortization expense of \$93,512 was incurred during fiscal year ending June 30, 2019; amortization expense is included with depreciation expense. The following is an analysis of the leased property under capital lease.

Class of Property	
Vehicles	\$553,314
Machinery and equipment	43,400
	<u>596,714</u>
Less: accumulated amortization	102,510
	<u>\$494,204</u>

6. LONG-TERM DEBT – Concluded

Other long-term debt - Concluded

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2019.

Year Ended June 30	
2020	\$128,444
2021	125,782
2022	88,076
2023	88,076
2024	88,075
Thereafter	<u>88,075</u>
Total minimum payments	606,528
Less: amount representing interest (a)	<u>52,498</u>
Present value of future minimum payments (b)	<u>\$554,030</u>

(a) Amount necessary to reduce net minimum lease payments to present value calculated at the City’s incremental borrowing rate at lease inception.

(b) Reflected in the Statement of Net Position as current and noncurrent obligations under capital leases of \$111,885 and \$442,145, respectively.

7. TAX INCREMENT FINANCING

The City currently has three (3) approved tax increment financing (TIF) districts. The objective of these TIF districts is to stimulate new investment in the community, through various tax increment financing projects. Taxes derived from increased assessed valuation within the districts can be "captured" for approved uses. The City accounts for its portion of the activity of the TIF districts, including captured taxes and expenditures for approved purposes, in a capital reserve fund. The following is a brief description of each district:

Labree’s Bakery TIF District: This district was established March 24, 2010 for a period of ten (10) years. This district comprises 10.53 acres within the City and has an Original Assessed Value (O.A.V) of \$7,179,400. No municipal projects or programs are funded under this agreement. For tax years 1-2, 80% of the increased value was captured by the City. 100% of this captured value was provided to the company as a Credit Enhancement Agreement (CEA). For tax years 3-5, 100% of the increased value was captured by the City and was returned to the company as a CEA. For tax years 6-7, 80% of the increased value was captured by the City and 100% of this amount was returned to the company in a CEA. The final tax years 8-10 of this district 60% of the increased value was captured by the City and 100% returned to the company.

First Omnibus (aka, Stillwater) TIF District: This TIF district was established March 2, 2015 for a term of 30 years to stimulate new development and investment in the community and to fund City

7. TAX INCREMENT FINANCING – Concluded

improvements and development programs as allowed by State Statute. The district was originally established to include 25.11 acres within the City. This City later amended the district on February 19, 2019 to include an additional 0.60 acres, bringing the total to 25.71 acres. The total Original Assessed Value (O.A.V.) of this district is \$3,845,700. The district allows for Credit Enhancement Agreements (CEA’s) of up to 50% of the total captured assessed value.

Within this district the City has entered into a Credit Enhancement Agreement (CEA) with Southstreet Development Company, LLC., for a period of nine (9) years starting with tax year 2019-2020 and ending in the tax year 2028-2029, for property located at 665 Stillwater Avenue. For each of the nine (9) years of this agreement the City will provide 30% of the captured assessed value back to Southstreet Development Company, LLC.

Downtown-Second Omnibus TIF District: This district was established March 6, 2017 for a term of thirty years to stimulate new development and investment in the community and to fund City improvements and development programs as allowed by State Statute. The district comprises 80.21 acres within the City and has a total Original Assessed Value (O.A.V.) of \$36,367,323. The district allows for Credit Enhancement Agreements (CEA’s) of up to 50% of the total captured assessed value.

The City has entered into four (4) Credit Enhancement Agreement with DBG, LLC., for a period of ten (10) years beginning with tax year 2020-2021 and ending in the tax year 2030-2031, for properties located at 285 Main Street, 275 Main Street, 277 Main Street & 283 Main Street. For each of the ten (10) years of this agreement the City will provide 50% of the Captured Assessed Value of each property back to DBG, LLC.

8. INTERFUND TRANSACTIONS

Interfund balances of amounts due to/from other funds and operating transfers by fund at and for the year ended June 30, 2019 are as follows:

	Due from Other Funds	Due to Other Funds	Transfers In	Transfers Out
General fund	32,995	3,114,054	\$ 561,831	\$ 1,217,875
Capital reserves fund	3,114,054	-	1,394,266	723,222
Other governmental funds	-	14,747	-	15,000
Proprietary funds	-	18,248	-	-
	<u>\$ 3,147,049</u>	<u>\$ 3,147,049</u>	<u>\$ 1,956,097</u>	<u>\$ 1,956,097</u>

Interfund transactions between governmental funds are eliminated in the government wide statement of net position and statement of activities. Transfers are used to (1) move revenues that are collected in accordance with the budget to the appropriate fund to expend and (2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorization.

8. INTERFUND TRANSACTIONS – Concluded

During fiscal year 2019, the City of Old Town, in accordance with the authorized budget, recorded the following non-routine, nonrecurring transfers.

Highway Block Grant Reserve transferred \$75,000
TIF Reserve transferred \$138,000
Tech Equipment Reserve transferred \$156,013
Airport Hangar Reserve transferred \$172,000
Debt Service Airport Reserve transferred \$167,395

9. NET POSITION – ENTERPRISE FUND – RESTRICTED – OTHER PURPOSES

At June 30, 2019, the enterprise fund’s restricted fund balance for other purposes was comprised of:

Capital outlay - equipment and facility	<u>\$1,002,736</u>
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10. FUND BALANCES

The City’s fund balances represent: (1) restricted purposes, which include balances legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council; (3) assigned purposes, which includes residual amounts within the funds that are neither restricted nor committed.

Restricted fund balances for the year ended June 30, 2019 are as follows:

General Fund:	
COPS	9,986
2019 Click It or Ticket	1,125
FEMA/MEMA	4,262
Airport Runway	25,555
Brownfield Cleanup	23,112
Total General Fund	<u>64,040</u>
Permanent Funds:	
Cemetery	911,705
Public Library	864,125
Total Permanent Funds	<u>1,775,830</u>
Total Restricted Fund Balance	<u>\$ 1,839,870</u>

10. FUND BALANCES – Concluded

Committed fund balances for the year ended June 30, 2019 are as follows:

General Fund:	
Safety Incentive	\$ 6,089
Employee Benefits	4,894
City Manager	10,456
Information Technology	28,492
Juniper Ridge Landfill	306,704
Concerts in the Park	7,482
5% for 6-Bay Hangar	47,000
Capital Projects	390,476
Total General Fund Committed Balance	<u>801,593</u>
Capital Reserves:	
TIF financing plan	177,515
Old Town Development LLC	328,737
Economic development	114,048
Community Development Block Grant	56,567
Tech equipment	152,754
Heavy equipment	738,153
Highway block grant	68,316
City facilities	432,232
Municipal Trash	792,912
Airport hangar	134,165
Garford Account	19,892
Smoke And Co Detectors	1,535
Police evidence room	16,104
D.A.R.E - Forfeitures	2,962
Community festival	24,120
Skateboard park	38,177
Clerk Book restoration	420
Library Grants	8,491
Memorial Books	1,454
Activities/Library Friends	5,500
Total Capital Reserves Committed Balance	<u>3,114,054</u>
Total Committed Fund Balances	<u>\$ 3,915,647</u>

At June 30, 2019, the governmental fund assigned fund balances were comprised of the residual balance in governmental funds other than the general fund.

11. PENSION PLANS

A. Defined Benefit Pension Plan

The City has contributed to the MainePERS Participating Local District (PLD) Consolidated Retirement Plan. The PLD Plan is a multiple-employer cost sharing plan. Eligible employers (districts) are defined in Maine statute. As of June 30, 2018 there were 304 employers in the plan.

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. 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. In some cases, vesting occurs on the earning of one year of

service credit immediately preceding retirement at or after normal retirement age. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. 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.

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. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. The City made matching contributions of \$278,658 and employees contributed \$319,332 for a total contribution of \$597,990 for municipal employees.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The following methods and assumptions applied to all periods included in the measurement:

11. PENSION PLANS - Continued

B. Net Pension Liability

Actuarial Assumptions

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.

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.

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

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

Investment Rate of Return – 6.75% per annum, compounded annually

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

Mortality Rates – RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females

Cost of Living Benefit Increases – 1.91% per annum

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.

11. PENSION PLANS - Continued

B. Net Pension Liability – Continued

Actuarial Assumptions – Concluded

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%

C. Changes in the Net Pension Liability

Discount Rate - The discount rate used to measure the collective total pension liability was 6.75% for 2018 for the PLD Plan. 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.

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 of the plan. For 2018, this was three years for the PLD Consolidated Plan.

11. PENSION PLANS - Continued

C. Changes in the Net Pension Liability – Concluded

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 of the plan. There were no changes in assumptions for the plan fiscal year ended June 30, 2018.

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 service lives of active and inactive members in the 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table shows how the 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.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability	\$ 2,886,031	\$ 1,224,520	\$ (328,537)

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.maineopers.org or by contacting the System at (207) 512-3100.

11. PENSION PLANS – Continued

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$195,091 . At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,834	\$ 13,449
Net difference between projected and actual investment earnings on pension plan investments	-	295,672
Changes of assumptions	195,442	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	52,169	68,439
Contributions subsequent to the measurement date	278,658	-
	<u>\$ 530,103</u>	<u>\$ 377,560</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 178,240
2021	(26,794)
2022	(201,145)
2023	(76,416)

E. Deferred Compensation Plan

The City also provides a 457 Deferred Compensation Plan (defined contribution plan – DCP) and a 401 qualified plan both of which are administered by International City Manager Association (ICMA) Retirement Corporation. Copies of the most recent financial reports may be obtained from the plan administrator.

11. PENSION PLANS – Concluded

E. Deferred Compensation Plan - Concluded

The City contributes at rates which vary from 0 to 6.5%, depending on the monthly elections and contributions of participants. Employees may elect to contribute up to 25% of earnings, but the City limits its match to 6.5%. The City made matching contributions of \$30,789 and employees elected to defer \$151,005 for a contribution of \$181,794 , for municipal employees.

12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. General Information about the OPEB Plan

Plan description. The City sponsors a single-employer post-retirement benefit plan providing health insurance to retiring employees through MMEHT (the plan). No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided. The City does not provide any payment toward employee retirement benefits for health, dental or life insurances. However, if an employee meets the requirements, they may, at their own cost, remain on the employer’s health insurance plan.

Employees covered by benefit terms. At January 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	48
	<u>55</u>

B. Total OPEB Liability

The City’s total OPEB liability of \$603,768 was measured as of January 1, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.75 %
Discount rate	4.10 %
Healthcare cost trend rates	8.46 % for 2018, decreasing to an ultimate rate of 4 %t for 2032 and later years
Retirees’ share of benefit-related costs	100 %

The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer index.

12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – Continued

B. Total OPEB Liability - Concluded

The mortality rates were based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

The actuarial assumptions used in the January 1, 2019 valuation are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015.

C. Changes in the Total OPEB Liability

	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 01/01/2018 (Reporting June 30, 2018)	\$ 648,192	\$ -	\$ 648,192
Changes for the year:			
Service cost	17,360	-	17,360
Interest	22,398	-	22,398
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(55,034)	-	(55,034)
Contributions - employer	-	29,148	(29,148)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(29,148)	(29,148)	-
Administrative expense	-	-	-
Net changes	(44,424)	-	(44,424)
Balances at 01/01/2019 (Reporting June 30, 2019)	\$ 603,768	\$ -	\$ 603,768

Changes of assumptions reflect a change in the discount rate from 3.44% in 2018 to 4.10% in 2019.

12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – Continued

C. Changes in the Total OPEB Liability – Concluded

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 690,185	\$ 603,768	\$ 533,045

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.46% decreasing to 3%) or 1-percentage-point higher (9.46% decreasing to 5%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare	1% Increase
	7.46%	Trend Rates	9.46%
	decreasing to	decreasing to	decreasing to
	3%	4%	5%
Total OPEB liability	\$ 524,795	\$ 603,768	\$ 702,607

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of (\$41,938). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Difference between expected and actual experience	\$ 1,893	\$ -
Changes of assumptions	56,172	48,919
	<u>\$ 58,065</u>	<u>\$ 48,919</u>

12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – Concluded

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Concluded

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ 2,180
2021	2,180
2022	2,180
2021	2,180
2022	2,180
Thereafter	(1,754)

13. PARTICIPATION IN PUBLIC ENTITY RISK POOL

The City 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 City pays an annual premium to the Fund for its worker’s compensation coverage. The City’s agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies’ reinsurance contracts, individual stop loss coverage for member Cities for claims in excess of \$400,000 with an excess limit of \$2,000,000.

The City is also a member of the Maine Municipal Association – Property and Casualty Pool (“Pool”). As with the Fund above, the Pool was created to obtain lower rates for its members. The City pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided after the deductible is met, to \$200,000,000. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000.

14. CONTINGENCIES

The City participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the City’s compliance with applicable grant requirements 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.

15. JOINTLY GOVERNED ORGANIZATION

The City and various entities in the region have jointly agreed to operate a vocational education school. A separate legal entity known as the United Technologies Center (UTC) was established by State law and is governed by a nine-member board, of which one member represents the City. Complete financial statements for the UTC can be obtained from the United Technologies Center, 200 Hogan Road, Bangor, Maine, 04401.

16. PRIOR PERIOD ADJUSTMENT

Net position of proprietary fund business-type activities decreased \$181,625 due to the effect of a timing difference in the recognition of grant income where grant revenue in the prior year was recognized prior to incurring related expenditures.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 11, 2020, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Old Town, Maine
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
Last Fiscal Year*

Valuation Date	1/1/2018	1/1/2018
Measurement Date	1/1/2019	1/1/2018
Reporting Date	6/30/2019	6/30/2018
<u>Total OPEB Liability</u>		
Service cost (BOY)	\$ 17,360	\$ 14,360
Interest (includes interest on service cost)	22,398	21,124
Changes of benefit terms	-	-
Differences between expected and actual	-	2,435
Changes of assumptions	(55,034)	72,220
Benefit payments, including refunds of	(29,148)	(12,727)
Net change in total OPEB liability	<u>(44,424)</u>	<u>97,412</u>
Total OPEB liability - beginning	<u>648,192</u>	<u>550,780</u>
Total OPEB liability - ending	<u><u>\$ 603,768</u></u>	<u><u>\$ 648,192</u></u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	\$ 29,148	\$ 12,727
Contributions - Employee	-	-
Net investment income	-	-
Benefit payments, including refunds of	(29,148)	(12,727)
Administrative expense	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u><u>-</u></u>	<u><u>-</u></u>
Net OPEB liability - ending	<u><u>\$ 603,768</u></u>	<u><u>\$ 648,192</u></u>
Covered employee payroll	\$ 2,348,020	\$ 2,348,020
Net OPEB liability as a percentage of	25.7%	27.6%

* The amounts presented for each fiscal year were determined as of 1/1.

Notes to Schedule:

Changes in benefit terms. None

Changes of assumptions. The discount rate changed from 3.44% in 2018 to 4.10% in 2019.

No assets are accumulated in a trust that meet the criteria of GASB Statement 75 paragraph 4.

City of Old Town, Maine
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Last Fiscal Year*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.447431%	0.472471%	0.457773%	0.419077%	0.393519%
City's proportionate share of the net pension liability (asset)	\$ 1,224,520	\$ 1,934,467	\$ 2,432,289	\$ 1,337,051	\$ 605,552
City's covered-employee payroll	\$ 3,687,969	\$ 3,434,500	\$ 3,451,334	\$ 3,342,432	\$ 3,246,713
City's proportional share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.20%	56.32%	70.47%	40.00%	18.65%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	81.61%	88.27%	94.10%

* The amounts presented for each fiscal year were determined as of 6/30.

City of Old Town, Maine
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
 Last Fiscal Year*

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 248,380	\$ 249,340	\$ 242,355	\$ 214,808	\$ 171,304
Contributions in relation to the contractually required contribution	(248,380)	(249,340)	(242,355)	(214,808)	(171,304)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 3,687,969	\$ 3,434,500	\$ 3,451,334	\$ 3,342,432	\$ 3,246,713
City's proportional share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.73%	7.26%	7.02%	6.43%	5.28%

* The amounts presented for each fiscal year were determined as of 6/30.

Notes to Required Supplementary Information:

Changes in benefit terms. None

* The amounts presented for each fiscal year were determined as of 6/30.

Notes to Schedule:

Changes in benefit terms. None

Changes of assumptions. Amounts reported in 2016 reflect an adjustment of the expectation of life after disability to more closely reflect actual experience. For amounts reported in 2016 and later, the expectation of retiree life mortality was based on RP2014 Total Dataset Healthy Annuitant Mortality Tables rather than on the RP2000 Tables projected forward to 2015 using Scale AA, which were used to determine amounts reported prior to 2016.

The plan had the following discount rates for each year ending 6/30:

2014	7.25%
2015	7.125%
2016-2017	6.875%
2018	6.75%

The cost of living benefit increase assumption for the Plan for each year ending 6/30:

2014	3.12%
2015	2.55%
2016-2017	2.20%
2018	1.91%

City of Old Town, Maine
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)

General Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Budget to	Actual
	Original	Final	Amounts, Budgetary Basis	GAAP Differences	Amounts, GAAP Basis
REVENUES					
Property Taxes	\$ 9,707,613	\$ 9,707,613	\$ 9,726,597	\$ -	\$ 9,726,597
Excise and miscellaneous taxes	1,494,000	1,494,000	1,589,560	-	1,589,560
Fees and fines	14,800	14,800	53,090	-	53,090
Licenses and permits	139,870	139,870	158,638	-	158,638
Intergovernmental	1,714,830	1,714,830	2,310,555	-	2,310,555
Charges for services	2,374,976	2,374,976	2,608,650	-	2,608,650
Investment earnings	52,000	52,000	148,904	-	148,904
Miscellaneous	99,800	99,800	116,136	-	116,136
Total revenues	<u>15,597,889</u>	<u>15,597,889</u>	<u>16,712,130</u>	<u>-</u>	<u>16,712,130</u>
EXPENDITURES					
Current:					
General government	1,812,964	2,141,425	2,489,575	-	2,489,575
Public safety	3,616,650	3,615,850	3,952,589	-	3,952,589
Public works	1,629,199	1,629,999	1,586,908	-	1,586,908
Health, welfare and sanitation	592,000	592,000	471,983	-	471,983
Culture and recreation	600,956	607,216	546,433	-	546,433
Airport	204,056	204,056	236,280	-	236,280
Education	5,202,655	5,202,655	5,202,654	-	5,202,654
County Tax	653,134	653,134	624,067	-	624,067
Debt Service:					
Principal	460,190	460,190	570,674	-	570,674
Interest	107,459	107,459	103,979	-	103,979
Capital Outlay	980,626	1,503,692	689,080	-	689,080
Total Expenditures	<u>15,859,889</u>	<u>16,717,676</u>	<u>16,474,222</u>	<u>-</u>	<u>16,474,222</u>
Excess (deficiency) of revenues over expenditures	<u>(262,000)</u>	<u>(1,119,787)</u>	<u>237,908</u>	<u>-</u>	<u>237,908</u>
OTHER FINANCING SOURCES (USES)					
Capital leases	-	70,000	70,000	-	70,000
Transfers in	353,000	561,831	561,831	-	561,831
Transfers out	(316,000)	(1,111,834)	(1,217,875)	-	(1,217,875)
Total other financing sources and uses	<u>37,000</u>	<u>(480,003)</u>	<u>(586,044)</u>	<u>-</u>	<u>(586,044)</u>
SPECIAL ITEMS					
Proceeds from sale of capital assets	25,000	25,000	106,987	-	106,987
Total Special Items	<u>25,000</u>	<u>25,000</u>	<u>106,987</u>	<u>-</u>	<u>106,987</u>
Net change in fund balances	(200,000)	(1,574,790)	(241,149)	-	(241,149)
Fund balances - beginning	2,702,096	2,702,096	2,702,096	-	2,702,096
Fund balances - ending	<u>\$ 2,502,096</u>	<u>\$ 1,127,306</u>	<u>\$ 2,460,947</u>	<u>\$ -</u>	<u>\$ 2,460,947</u>

City of Old Town, Maine
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (WITH VARIANCES)

General Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, Budgetary Basis	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 9,707,613	\$ 9,707,613	\$ 9,726,597	\$ 18,984
Excise and miscellaneous taxes	1,494,000	1,494,000	1,589,560	95,560
Fees and fines	14,800	14,800	53,090	38,290
Licenses and permits	139,870	139,870	158,638	18,768
Intergovernmental	1,714,830	1,714,830	2,310,555	595,725
Charges for services	2,374,976	2,374,976	2,608,650	233,674
Investment earnings	52,000	52,000	148,904	96,904
Miscellaneous	99,800	99,800	116,136	16,336
Total revenues	<u>15,597,889</u>	<u>15,597,889</u>	<u>16,712,130</u>	<u>1,114,241</u>
EXPENDITURES				
Current:				
General government	1,812,964	2,141,425	2,489,575	(348,150)
Public safety	3,616,650	3,615,850	3,952,589	(336,739)
Public works	1,629,199	1,629,999	1,586,908	43,091
Health, welfare and sanitation	592,000	592,000	471,983	120,017
Culture and recreation	600,956	607,216	546,433	60,783
Airport	204,056	204,056	236,280	(32,224)
Education	5,202,655	5,202,655	5,202,654	1
County tax	653,134	653,134	624,067	29,067
Debt Service:				
Principal	460,190	460,190	570,674	(110,484)
Interest	107,459	107,459	103,979	3,480
Capital Outlay	980,626	1,503,692	689,080	814,612
Total Expenditures	<u>15,859,889</u>	<u>16,717,676</u>	<u>16,474,222</u>	<u>243,454</u>
Excess (deficiency) of revenues over expenditures	<u>(262,000)</u>	<u>(1,119,787)</u>	<u>237,908</u>	<u>1,357,695</u>
OTHER FINANCING SOURCES (USES)				
Capital leases	-	70,000	70,000	-
Transfers in	353,000	561,831	561,831	-
Transfers out	(316,000)	(1,111,834)	(1,217,875)	(106,041)
Total other financing sources and uses	<u>37,000</u>	<u>(480,003)</u>	<u>(586,044)</u>	<u>(106,041)</u>
SPECIAL ITEMS				
Proceeds from sale of capital assets	25,000	25,000	106,987	81,987
Total Special Items	<u>25,000</u>	<u>25,000</u>	<u>106,987</u>	<u>81,987</u>
Net change in fund balances	<u>(200,000)</u>	<u>(1,574,790)</u>	<u>(241,149)</u>	<u>\$ 1,333,641</u>
Fund balances - beginning	2,702,096	2,702,096	2,702,096	
Fund balances - ending	<u>\$ 2,502,096</u>	<u>\$ 1,127,306</u>	<u>\$ 2,460,947</u>	

SUPPLEMENTARY INFORMATION

City of Old Town, Maine
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)

Sewer Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
	Original	Final			
OPERATING REVENUES					
Charges for services	\$ 751,695	\$ 751,695	\$ 1,305,683	\$ -	\$ 1,305,683
Other	15,900	15,900	24,192	-	24,192
Total operating revenues	767,595	767,595	1,329,875	-	1,329,875
OPERATING EXPENSES					
Current:					
Administration	156,150	156,150	129,051	-	129,051
Personal services	428,497	428,497	485,716	-	485,716
Maintenance	106,000	106,000	260,562	(35,322)	225,240
Waste treatment facility	201,500	201,500	159,508	-	159,508
Sludge disposal	54,950	54,950	60,447	-	60,447
Depreciation	-	-	-	453,673	453,673
Capital Outlay	614,716	1,284,079	273,410	(273,410)	-
Total operating expenses	1,561,813	2,231,176	1,368,694	144,941	1,513,635
Operating income	(794,218)	(1,463,581)	(38,819)	(144,941)	(183,760)
NON-OPERATING REVENUES (EXPENSES)					
Debt Service:					
Principal	(398,422)	(398,422)	(348,424)	348,424	-
Interest	(137,438)	(137,438)	(137,336)	-	(137,336)
Investment earnings	1,000	1,000	13,431	-	13,431
Capital contributions	-	-	159,598	-	159,598
Total non-operating revenues (expenses)	(534,860)	(534,860)	(312,731)	348,424	35,693
Change in net position	(1,329,078)	(1,998,441)	(351,550)	203,483	(148,067)
Net position - beginning	7,466,057	7,466,057	7,466,057	-	7,466,057
Prior period adjustment	-	-	(181,625)	-	(181,625)
Net position - ending	\$ 6,136,979	\$ 5,467,616	\$ 6,932,882	\$ 203,483	\$ 7,136,365

City of Old Town, Maine
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (WITH VARIANCES)

Sewer Fund

For the year ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
OPERATING REVENUES				
Charges for services	\$ 751,695	\$ 751,695	\$ 1,305,683	\$ 553,988
Other	15,900	15,900	24,192	8,292
Total operating revenues	<u>767,595</u>	<u>767,595</u>	<u>1,329,875</u>	<u>562,280</u>
OPERATING EXPENSES				
Current:				
Administration	156,150	156,150	129,051	27,099
Personal services	428,497	428,497	485,716	(57,219)
Maintenance	106,000	106,000	260,562	(154,562)
Waste treatment facility	201,500	201,500	159,508	41,992
Sludge disposal	54,950	54,950	60,447	(5,497)
Capital Outlay	614,716	1,284,079	273,410	1,010,669
Total operating expenses	<u>1,561,813</u>	<u>2,231,176</u>	<u>1,368,694</u>	<u>862,482</u>
Operating income	<u>(794,218)</u>	<u>(1,463,581)</u>	<u>(38,819)</u>	<u>1,424,762</u>
NON-OPERATING REVENUES (EXPENSES)				
Proceeds from capital leases				
Debt Service:				
Principal	(398,422)	(398,422)	(348,424)	49,998
Interest	(137,438)	(137,438)	(137,336)	102
Investment earnings	1,000	1,000	13,431	12,431
Capital grant	-	-	159,598	159,598
Total non-operating revenues (expenses)	<u>(534,860)</u>	<u>(534,860)</u>	<u>(312,731)</u>	<u>222,129</u>
Change in net position	(1,329,078)	(1,998,441)	(351,550)	<u>\$ 1,646,891</u>
Net position - beginning	7,466,057	7,466,057	7,466,057	
Prior period adjustment	-	-	(181,625)	
Net position - ending	<u>\$ 6,136,979</u>	<u>\$ 5,467,616</u>	<u>\$ 6,932,882</u>	

City of Old Town, Maine
COMBINING BALANCE SHEET
Other Governmental Funds
June 30, 2019

	<u>Cemetery</u>	<u>Public Library</u>	<u>Library Trust</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 48,585	\$ 45,246	\$ 11,280	\$ 105,111
Investments	917,939	854,854	194,738	1,967,531
Total assets	<u>966,524</u>	<u>900,100</u>	<u>206,018</u>	<u>2,072,642</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	-	11,781	2,966	14,747
Total liabilities	<u>-</u>	<u>11,781</u>	<u>2,966</u>	<u>14,747</u>
Fund balances:				
Restricted	911,705	864,125	-	1,775,830
Assigned	54,819	24,194	203,052	282,065
Total fund balances	<u>966,524</u>	<u>888,319</u>	<u>203,052</u>	<u>2,057,895</u>
Total liabilities and fund balances	<u>\$ 966,524</u>	<u>\$ 900,100</u>	<u>\$ 206,018</u>	<u>\$ 2,072,642</u>

City of Old Town, Maine
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
For the year ended June 30, 2019

	<u>Cemetery</u>	<u>Public Library</u>	<u>Library Trust</u>	<u>Total-Other Governmental Funds</u>
REVENUES				
Investment earnings	\$ 40,652	\$ 38,098	\$ 14,023	\$ 92,773
Total revenues	<u>40,652</u>	<u>38,098</u>	<u>14,023</u>	<u>92,773</u>
EXPENDITURES				
Current:				
Culture and recreation	2,264	13,904	4,805	20,973
Total Expenditures	<u>2,264</u>	<u>13,904</u>	<u>4,805</u>	<u>20,973</u>
Other use	-	-	-	-
Transfers out	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
Net change in fund balances	23,388	24,194	9,218	56,800
Fund balances - beginning	<u>943,136</u>	<u>864,125</u>	<u>193,834</u>	<u>2,001,095</u>
Fund balances - ending	<u>\$ 966,524</u>	<u>\$ 888,319</u>	<u>\$ 203,052</u>	<u>\$ 2,057,895</u>

City of Old Town, Maine
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Capital Reserves
For the year ended June 30, 2019

	<u>TIF Financing Plan</u>	<u>Old Town Development LLC</u>	<u>Economic Development</u>	<u>Community Dev. Block Grant</u>	<u>Tech Equip Reserve</u>	<u>Heavy Equip Reserve</u>	<u>Highway Block Grant</u>	<u>City Facilities Reserve</u>	<u>Municipal Trash</u>	<u>Airport Hanger Reserve</u>
Revenues										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,744	\$ -	\$ -	\$ -
Interest and dividends	-	171	-	-	-	-	-	-	-	-
Miscellaneous	-	14,429	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>14,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,744</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses										
General government	73,784	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Total expenses	<u>73,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses	<u>(73,784)</u>	<u>14,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,744</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)										
Transfer in	318,922	-	-	-	20,872	35,863	-	53,140	792,912	167,395
Transfer out	(138,000)	-	-	-	(156,013)	-	(75,000)	-	-	(172,000)
Total other financing sources (uses)	<u>180,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,141)</u>	<u>35,863</u>	<u>(75,000)</u>	<u>53,140</u>	<u>792,912</u>	<u>(4,605)</u>
Net change in fund balance	107,138	14,600	-	-	(135,141)	35,863	25,744	53,140	792,912	(4,605)
Fund balance - Beginning	70,377	314,137	114,048	56,567	287,895	702,290	42,572	379,092	-	138,770
Fund balance - Ending	<u>\$ 177,515</u>	<u>\$ 328,737</u>	<u>\$ 114,048</u>	<u>\$ 56,567</u>	<u>\$ 152,754</u>	<u>\$ 738,153</u>	<u>\$ 68,316</u>	<u>\$ 432,232</u>	<u>\$ 792,912</u>	<u>\$ 134,165</u>

Continued

City of Old Town, Maine
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Capital Reserves
For the year ended June 30, 2019

	Garford Account	Smoke & CO Detectors	Police Evidence Room	DARE	Community Festival	Skateboard Park	Book Restoration	Debt Service Airport	175th Anniversary	Concerts in the Park
Revenues										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and dividends	-	-	-	-	-	57	-	-	-	-
Miscellaneous	31,934	50	24,529	3,009	34,329	-	5	-	-	-
Total revenues	<u>31,934</u>	<u>50</u>	<u>24,529</u>	<u>3,009</u>	<u>34,329</u>	<u>57</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses										
General government	12,042	-	-	-	-	-	-	-	-	-
Public safety	-	-	8,425	2,331	-	-	-	-	-	-
Culture and recreation	-	-	-	-	22,494	-	-	-	-	-
Total expenses	<u>12,042</u>	<u>-</u>	<u>8,425</u>	<u>2,331</u>	<u>22,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses	<u>19,892</u>	<u>50</u>	<u>16,104</u>	<u>678</u>	<u>11,835</u>	<u>57</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)										
Transfer in	-	-	-	1,080	4,082	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	(167,395)	(4,082)	(2,790)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,080</u>	<u>4,082</u>	<u>-</u>	<u>-</u>	<u>(167,395)</u>	<u>(4,082)</u>	<u>(2,790)</u>
Net change in fund balance	19,892	50	16,104	1,758	15,917	57	5	(167,395)	(4,082)	(2,790)
Fund balance - Beginning	-	1,485	-	1,204	8,203	38,120	415	167,395	4,082	2,790
Fund balance - Ending	<u>\$ 19,892</u>	<u>\$ 1,535</u>	<u>\$ 16,104</u>	<u>\$ 2,962</u>	<u>\$ 24,120</u>	<u>\$ 38,177</u>	<u>\$ 420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

City of Old Town, Maine
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Capital Reserves
For the year ended June 30, 2019

	Girlstalk Grant	Madelin Lane/ Coombs Park	Every 15 Minutes	Gayle Seymour Fire Dept	EMS Adolescent Pub Rel Fund	Fire Public Rel	EMS Regionalization	Save the Pool
Revenues								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and dividends	-	-	-	-	-	-	-	-
Miscellaneous	10	-	-	-	-	-	-	-
Total revenues	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)								
Transfer in	-	-	-	-	-	-	-	-
Transfer out	(14)	(408)	(1,080)	(245)	(535)	(1,497)	(329)	(3,834)
Total other financing sources (uses)	<u>(14)</u>	<u>(408)</u>	<u>(1,080)</u>	<u>(245)</u>	<u>(535)</u>	<u>(1,497)</u>	<u>(329)</u>	<u>(3,834)</u>
Net change in fund balance	(4)	(408)	(1,080)	(245)	(535)	(1,497)	(329)	(3,834)
Fund balance - Beginning	4	408	1,080	245	535	1,497	329	3,834
Fund balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

City of Old Town, Maine
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Capital Reserves
For the year ended June 30, 2019

	<u>Memorial Books</u>	<u>Library Grants</u>	<u>Activities/ Library Friends</u>	<u>Total Reserves</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ 100,744
Interest and dividends	-	-	-	228
Miscellaneous	2,667	6,229	419	117,610
Total revenues	<u>2,667</u>	<u>6,229</u>	<u>419</u>	<u>218,582</u>
Expenses				
General government	-	-	-	85,826
Public safety	-	-	-	10,756
Culture and recreation	2,382	5,831	26	30,733
Total expenses	<u>2,382</u>	<u>5,831</u>	<u>26</u>	<u>127,315</u>
Excess (deficiency) of revenues over expenses	<u>285</u>	<u>398</u>	<u>393</u>	<u>91,267</u>
Other Financing Sources (Uses)				
Transfer in	-	-	-	1,394,266
Transfer out	-	-	-	(723,222)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>671,044</u>
Net change in fund balance	285	398	393	762,311
Fund balance - Beginning	1,169	8,093	5,107	2,351,743
Fund balance - Ending	<u>\$ 1,454</u>	<u>\$ 8,491</u>	<u>\$ 5,500</u>	<u>\$ 3,114,054</u>
				Concluded

City of Old Town, Maine
TAXES RECEIVABLE, TAX LIENS AND TAX ACQUIRED PROPERTY
General Fund
 June 30, 2019

Taxes receivable	
2019	\$ 417,469
2018	6,458
2017	8,420
2016	8,277
2015	4,240
2014	4,144
2013	3,356
2012	362
2011	332
2010	160
2009	160
2008	125
2007	187
Total taxes receivable	453,690
Tax Liens	
2018	152,199
Tax acquired property	82,624
Total taxes receivable, tax liens and tax acquired property	\$ 688,513



209 State Street
Bangor, Maine 04401
207-990-8909 (T)
207-990-1504 (F)
www.roycpas.com

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*

City Council
City of Old Town, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Old Town as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Old Town's basic financial statements, and have issued our report thereon dated May 11, 2020.

Internal Control over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 City of Old Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Roy & Associates, CPAs, P.A

Bangor, Maine
May 11, 2020

Visit us online: www.roycpas.com

209 State St · Bangor, Maine 04401-5412 · Tel: 207-990-8909 · Fax: 207-990-1504