

Town of Sebago



Annual Financial Statements
For the Year Ended June 30, 2019

Independently Audited By

Berry · Talbot · Royer
CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statement 1 Statement of Net Position.....	12
Statement 2 Statement of Activities.....	13
Statement 3 Balance Sheet – Governmental Funds	14
Statement 4 Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	15
Statement 5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Statement 6 Reconciliation of Total Net Change in Fund Balances of Governmental Funds to the Change in Net Position of Governmental Activities.....	17
Statement 7 Statement of Fiduciary Net Position	18
Statement 8 Statement of Changes in Fiduciary Net Position.....	19
Notes to the Basic Financial Statements.....	20
Required Supplementary Information	
Schedule 1 Budgetary Comparison Schedule – General Fund	36
Notes to the Required Supplementary Information	37
Other Supplementary Information	
Schedule 2 Schedule of Departmental Operations	39
Schedule 3 Combining Balance Sheet – Nonmajor Special Revenue Funds.....	41
Schedule 4 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	42
Schedule 5 Schedule of Ending Account Balance Details – Capital Projects Fund.....	43
Schedule 6 Schedule of Changes in Account Balance Details – Capital Projects Fund	44
Schedule 7 Schedule of Changes in Account Balance Details – Pooled Cemetery Fund.....	45
Schedule 8 Schedule of Expenditures of Federal Awards	46
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47



Independent Auditor's Report

To the Board of Selectmen
Town of Sebago, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Sebago, Maine, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sebago School Department, which represents twenty-two percent, nine percent, and four percent, respectively, of the assets, fund balance, and revenue of the General Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Sebago, is based solely on the report of the other auditors. 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Sebago, Maine, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and a budgetary comparison schedule, on pages 3 - 11 and 36 - 38, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. Schedules 2 through 8 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 2 through 8 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 2 through 8 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
March 10, 2020



Management's Discussion and Analysis

Town of Sebago
For the Year Ended June 30, 2019

As Town Manager of Sebago, I offer the readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019.

Financial Highlights

Financial highlights for the past year include the following:

- The Town's assets exceeded its liabilities by \$7,155,680 at the close of the fiscal year. Of this amount, \$4,673,980 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$45,539 as a result of operations throughout the fiscal year, or 0.6%.
- At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,152,870, an increase of \$782,809 from the prior fiscal year. Of this, \$2,103,501 is unassigned and available for spending at the Town's discretion from the General Fund.
- At the end of the fiscal year, the net increase in the General Fund's fund balance was \$413,185, or 17.9%, from the prior fiscal year.
- The Town withdrew from MSAD 61 and established the Sebago School Department as of July 1, 2018. The results of the department's activities and its financial position are incorporated into these financial statements. However, the school department prepares separately issued and audited financial statements for purposes of closer analysis.

Overview of the Financial Statements

The Town's basic financial statements have three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. The annual financial statements also contain required and other supplementary information.

Government-wide Financial Statements

Government-wide statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector company.

The *Statement of Net Position* presents information on all of the Town'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 Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the 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 (for example, accrued salaries).

In the government-wide financial statements, the Town's activities are reported as *governmental activities*, which encompass general government, public safety, public works, recreation and culture, welfare and social services. The Town does not currently report any business-type activities.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with the intended purpose of the fund and the proper use of its designated resources. The Town's funds are divided into two categories: governmental funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the governmental-wide statements, governmental fund financial statements focus on the near-term inflows and outflows 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 a government's near-term financing requirements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the governmental-wide financial statement because the resources of those funds are not available to support the Town's own programs.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Reconciliations are provided between the fund financial statements and the government-wide financial statements to assist in this comparison.

Financial Analysis of the Town as a Whole

Table 1
As of June 30, 2019 and 2018
Condensed Statements of Net Position

	2019	2018	\$ Change	% Change
Current assets	\$ 5,905,695	\$ 4,752,221	\$ 1,153,474	24.3%
Net capital assets	<u>3,174,656</u>	<u>2,492,821</u>	<u>681,835</u>	27.4%
Total assets	9,080,351	7,245,042	1,835,309	25.3%
Current liabilities	841,358	89,045	752,313	844.9%
Long-term liabilities	<u>1,073,536</u>	<u>8,788</u>	<u>1,064,748</u>	12115.9%
Total liabilities	1,914,894	97,833	1,817,061	1857.3%
Deferred inflows of resources	<u>9,777</u>	<u>37,068</u>	<u>(27,291)</u>	-73.6%
Net investment in capital assets	3,029,656	2,492,821	536,835	21.5%
Restricted net position	(547,956)	15,195	(563,151)	-3706.2%
Unrestricted net position	<u>4,673,980</u>	<u>4,602,128</u>	<u>71,852</u>	1.6%
Total net position	<u>\$ 7,155,680</u>	<u>\$ 7,110,144</u>	<u>\$ 45,536</u>	0.6%

Current assets increased by 24.3% overall, or \$1.1 million from the prior year, primarily due to the establishment of the new school department.

Net capital assets increased during the year primarily due to construction work on Hogfat road, a solar array, and a 2018 fire truck. Additionally, the Town acquired assets for the school department as part of the withdrawal agreement with MSAD 61. During the year, depreciation expense was \$283,160 while the Town added \$631,847 in new capital assets.

Current liabilities saw an increase in its net balance during the year by over \$752k. This is most due to the school department having significant payables at year end that were paid within 30 days of the balance sheet date. The Town's long-term liabilities consists of a new bond issued for a solar array, debt that was incurred as part of the withdrawal agreement with MSAD 61 (totaling \$1.3 million) and accrued compensated absences. The changes in long-term liabilities reflect these large additions.

Most of the Town's net position (65%) is unrestricted and available to provide goods and services to the citizens of the Town. Net investment in capital assets (land, buildings, equipment, and infrastructure) make up 43% of total net position and represent the Town's net investment in long-term assets to help deliver goods and services. The restricted portion of net position is negative at year end due to the negative net position of the school department. The school department's separately issued financial statements provide more details.

Table 2
Fiscal Years Ended June 30, 2019 and 2018
Condensed Statements of Activities

	2019	2018	\$ Change	% Change
General revenues	\$ 5,815,643	\$ 5,451,378	\$ 364,265	6.7%
Program revenues	<u>374,811</u>	<u>127,193</u>	<u>247,618</u>	194.7%
Total revenues	6,190,454	5,578,571	611,883	11.0%
General government	402,796	544,038	(141,242)	-26.0%
Public safety	218,467	335,797	(117,330)	-34.9%
Health and sanitation	157,164	143,237	13,927	9.7%
Public works	512,347	667,602	(155,255)	-23.3%
Town properties	46,414	44,407	2,007	4.5%
Recreation and community	52,178	57,836	(5,658)	-9.8%
Education	3,521,147	3,085,526	435,621	14.1%
County tax	264,667	253,257	11,410	4.5%
Abatements / overlay	16,512	2,728	13,784	100.0%
Other expenses	<u>361,027</u>	<u>81,326</u>	<u>279,701</u>	343.9%
Total expenses	<u>5,552,719</u>	<u>5,215,754</u>	<u>336,965</u>	6.5%
Change in net position	637,735	362,817	274,918	75.8%
Beginning net position	<u>7,110,141</u>	<u>6,747,324</u>	<u>362,817</u>	5.4%
Ending net position	<u>\$ 7,155,680</u>	<u>\$ 7,110,141</u>	<u>\$ 45,539</u>	0.6%

Overall, total revenue was up by \$611,883 in fiscal year 2019 compared to the prior year. Mostly, this was due to an increase in property taxes (up by \$317,901 from the prior year) and excise taxes (up \$10,852 from the prior year), as well as revenues from federal grants and other sources for the new school department.

Total expenses increased by \$336,965 compared with the prior year. While the education and other expenses (mostly capital projects) lines increased, the majority of expense lines above saw a reduction from prior year amounts.

The net result was an increase in net position (before extraordinary items) of \$637,735. However, extraordinary items – the one-time economic effects of withdrawing from MSAD 61 – resulted in a net charge of \$592,196. Thus, the Town's overall net position increased by \$45,539 from the prior year to the current year.

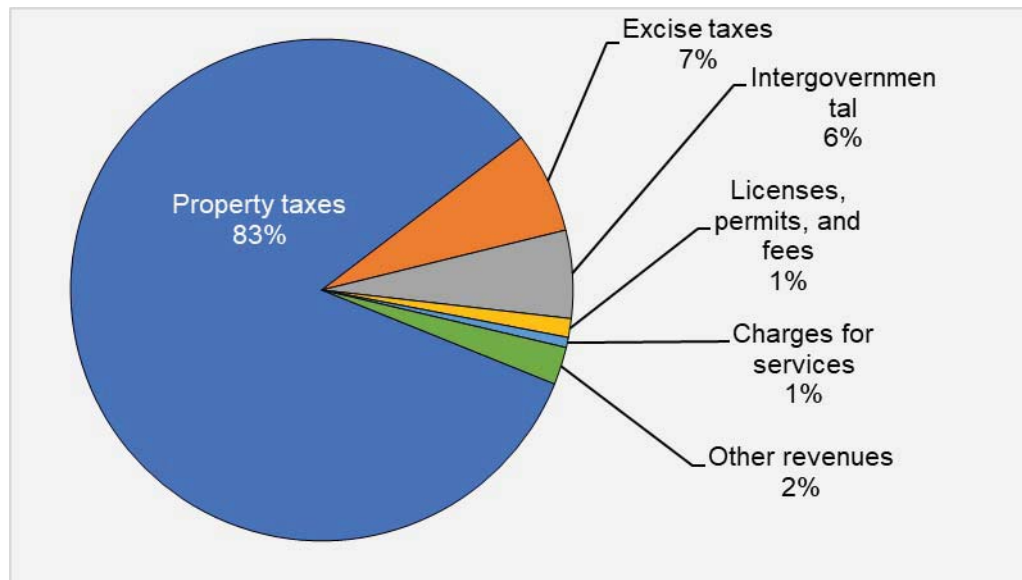
Financial Analysis of the Town's General Fund

The following schedule presents a summary of the General Fund's revenues for the fiscal years ended June 30, 2019 and 2018. Note that the revenues recognized in the General Fund differ from the revenues recognized for total governmental activities (see Table 2) due to (a) differences in measurement focus and accounting basis, as described in Note 1 to the financial statements, and (b) the fact that the General Fund revenues exclude revenues recognized in other funds. General Fund revenues focus on current financial resources available to provide goods and services of basic Town operations.

	2019	% of Total	2018	% of Total
Property taxes	\$ 5,024,401	83.5%	\$ 4,706,500	86.1%
Excise taxes	393,954	6.5%	383,102	7.0%
Intergovernmental	340,766	5.7%	212,919	3.9%
Licenses, permits, and fees	73,112	1.2%	74,613	1.4%
Charges for services	39,415	0.7%	19,299	0.4%
Other revenues	145,591	2.4%	71,525	1.3%
Total general fund revenues	<u>\$ 6,017,239</u>		<u>\$ 5,467,958</u>	

Of particular note, there was a significant increase in intergovernmental revenues due to the new school department. It, alone, generated \$137k in federal and state grants and subsidies for the General Fund.

Property taxes make up 83.5% of the Town's General Fund revenues, with excise taxes being the next highest with 6.5%. The other sources of revenue make up the remaining 10% of the total.

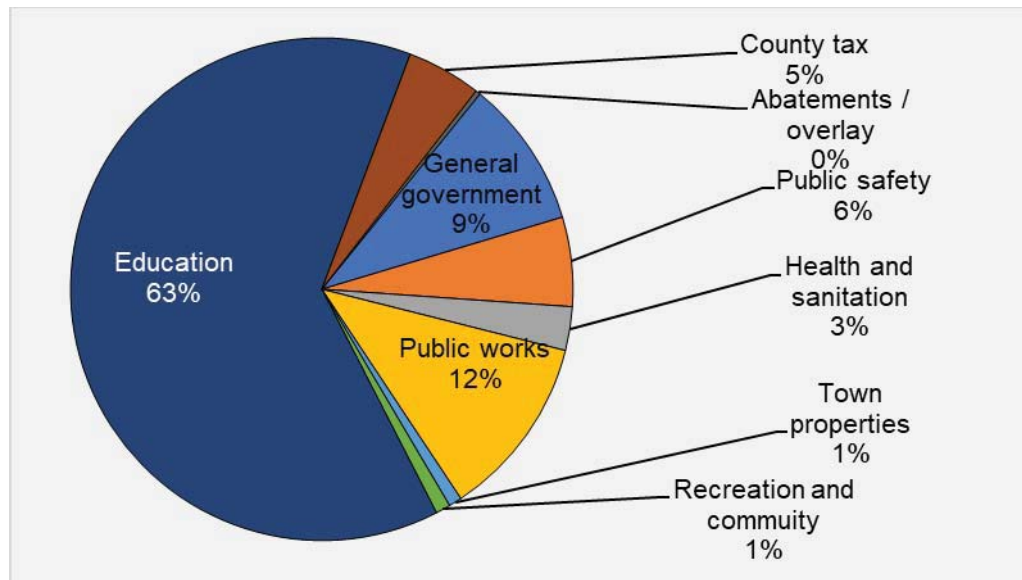


The following schedule presents a summary of the General Fund's expenses for the fiscal years ended June 30, 2019 and 2018. Note that the expenditures recognized in the General Fund differ from the expenses recognized for total governmental activities (see Table 2) due to (a) differences in measurement focus and accounting basis, as described in Note 1 to the financial statements, and (b) the fact that the General Fund expenditures exclude expenditures recognized in other funds. General Fund expenditures focus on the consumption of current financial resources in providing goods and services of basic Town operations.

	2019	% of Total	2018	% of Total
General government	\$ 525,513	9.5%	\$ 578,775	11.3%
Public safety	316,457	5.7%	241,620	4.7%
Health and sanitation	155,062	2.8%	145,802	2.8%
Public works	647,150	11.7%	706,908	13.8%
Town properties	46,414	0.8%	44,407	0.9%
Recreation and community	52,178	0.9%	57,836	1.1%
Education	3,487,434	63.3%	3,085,526	60.3%
County tax	264,667	4.8%	253,257	4.9%
Abatements / overlay	16,512	0.3%	2,728	0.1%
Total general fund expenditures	<u>\$ 5,511,387</u>		<u>\$ 5,116,859</u>	

Education expenditures take up 63.3% of the total, while the next three largest categories of expenditures are for public works (11.7%), general government (9.5%), and public safety (5.7%). The remaining departments and categories (e.g., public safety, recreation, etc.) consume only 9.8% of total general fund expenditures.

Of note, the general expenditures on education costs rose by just over \$400k from the prior year to the current year. However, not all of these additional costs were borne by the taxpayers – in fact, \$225k of these additional expenditures were covered by grants, subsidies, and other receipts; and another \$365k was covered by the one-time payout from MSAD 61 upon the Town's withdrawal.



As of June 30, 2019, the General Fund's fund balance was \$2,716,853, up by \$413,185 from the prior year. Of note, \$242k of this increase in fund balance was due solely to the new school department. The fund balance is broken down into three components at year end: restricted, assigned, and unassigned. The restricted portion of \$241,802 represents the portion of fund balance that is restricted for future educational expenditures (it is, essentially, the school department's ending fund balance). The assigned portion, \$371,550, represents the amount of fund balance that the Town has budgeted to use in fiscal year 2020, the public works carry forward for roads, and other minor amounts assigned for specific future expenditure. The unassigned portion of \$2,103,501 represents the accumulated surplus of the General Fund that can be used for any purpose.

Budgetary Analysis of the General Fund

The General Fund is the only fund for which a legal budget is adopted. The original budget is approved at the annual town meeting and can have updates throughout the fiscal year due to statutorily required additions or reductions or due to special town meetings where additional appropriations may be approved.

The Town approves two different parts of its budget – the educational budget and the municipal budget. For ease of comprehension, the budgetary comparison schedule is prepared on a budgetary basis that presents the amounts for education costs as the total amount raised for education and transferred from the municipal accounts to the school department's accounts. This is considered a *perspective difference* from US GAAP. See the notes to the required supplementary information for more details.

The Town's original budget contemplated a \$126,984 deficit (commonly referred to as a "budgeted use of fund balance). The Town had approved \$157,886 in expenditures within the roads / paving account, that was carried forward from fiscal year 2018 unexpended balance. The result is that the Town's final budget was a budgeted deficit of \$284,870.

Total final budgeted expenditures were \$5,433,088. Actual expenditures were \$5,192,823, coming in \$240,265 under budget. This resulted in a budgetary basis *surplus* of \$171,383.

The Town's Other Governmental Funds

The only major fund, other than the General Fund, that the Town presents separately is the Capital Projects fund. This fund ended the year with a committed fund balance of \$2,282,301. The Capital Projects fund accounts for the various individual capital projects approved to be funded through tax levies. At year end, there were 35 different accounts within the Capital Projects fund that are being accounted for.

The fund's balance at the beginning of the year was \$1,956,404. During the year, the Town transferred in from the General Fund a total of \$504,048 to be added to the individual accounts. Additionally, the fund earned interest totaling \$27,156 during the year. During the year, the Town made \$353,882 in expenditures from the fund for specific capital purchases: \$15,892 from the *Municipal Building* account, \$9,800 from the *Radio Repeater* account, \$21,220 from the *Roll-off truck* account, \$111,415 from the *Forestry truck #1* account, \$15,000 from the *Cascade system* account, \$35,000 from the *Public safety building* account, and \$145,000 from the *Solar array* account.

The remainder of the Town's governmental funds are considered non-major. These consist of the EMS Daytime Rescue fund, the Fuel Assistance fund, the FEMA Homeland Security fund, the school department's special revenue funds, and a few other small funds. Their combined revenues during the year totaled \$211,331. Total expenditures from these other governmental funds were \$197,604. All told, the non-major governmental funds began the year with fund balances totaling \$109,989 and ended the year with fund balances totaling \$153,716.

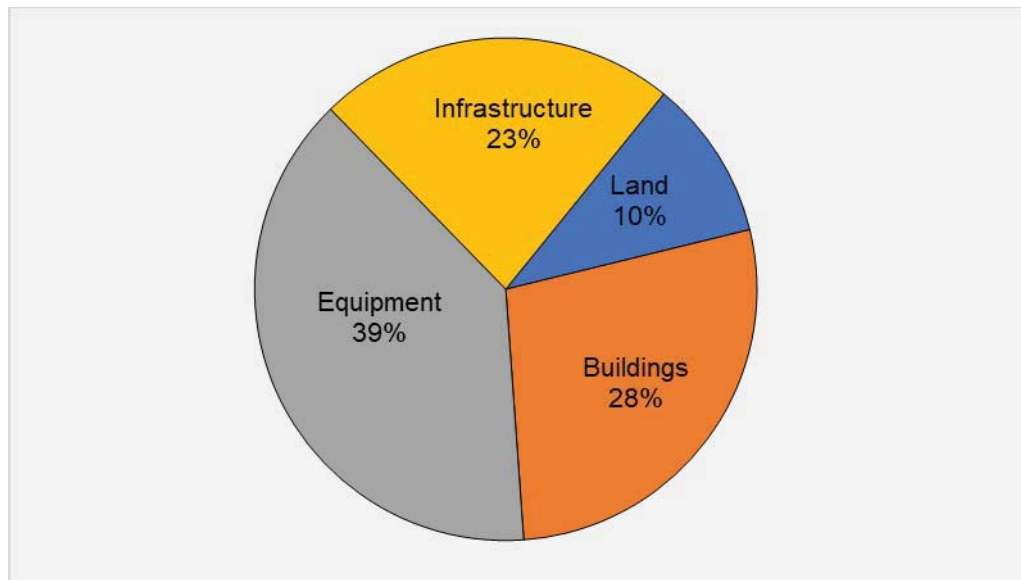
Capital Assets

At year end, the Town carried \$3,174,656 in land, buildings, equipment, and infrastructure on its books. This amount represents the historical cost of the assets less accumulated depreciation. Depreciation expense is the allocation of the cost of assets over the course of their useful lives. The table below shows the Town's general capital assets, net of accumulated depreciation, as of June 30, 2019 and 2018.

	<u>2019</u>	<u>% of Total</u>	<u>2018</u>	<u>% of Total</u>
Land	\$ 328,758	10.4%	\$ 328,758	13.2%
Buildings	878,272	27.7%	478,726	19.2%
Equipment	1,233,651	38.9%	1,161,828	46.6%
Infrastructure	<u>733,975</u>	<u>23.1%</u>	<u>523,509</u>	<u>21.0%</u>
Net capital assets	<u>\$ 3,174,656</u>		<u>\$ 2,492,821</u>	

Changes in capital asset balances from FY18 to FY19 are the net result of capital additions totaling \$631,850, disposals of assets with a net book value of \$22,982, and depreciation expense totaling \$283,161. Additionally, as part of the withdrawal agreement with MSAD 61, the Town acquired \$356,128 in net capital assets related to the Sebago Elementary School and its equipment. This is considered an extraordinary event and is presented separately on the Statement of Activities.

The disposal of assets mentioned above pertains to four vehicles. A 2006 plow truck was totaled during the winter months, which had a remaining depreciable life of \$22,982. The Town also sold two older vehicles for \$1,261 and \$400.



Long-term Debt

As part of the withdrawal agreement with MSAD 61, the Town agreed to pay 14.33% of MSAD 61's existing debt as of June 30, 2018. This amounted to \$1,313,067. The school paid down \$178,159 of that debt during the year, plus interest of \$26,960. The balance of this debt at year end was \$1,134,908.

Additionally, the town issued \$145,000 in new debt to purchase a solar array. The first payment due on this debt is not until fiscal year 2020.

Economic Factors and Next Year's Budget and Rates

At its annual town meeting in June, the townspeople approved municipal appropriations for FY 2020 totaling \$2,650,608. This represents an approximately 11% increase over the FY 2019 approved municipal appropriations. Of the FY 2020 appropriations, a total of \$262,605 was approved to be sourced from the General Fund's fund balance in order to reduce the amount of the tax levy. In addition, the townspeople approved carrying forward unexpended road and recreation funds, which adds to the total approved appropriations by \$97,277. The county assessed the Town \$271,566 for county taxes, and the Town School Department's budget remains unchanged at \$3,168,870. Total original budgeted expenditures for FY 2020, therefore, are \$6,188,321, which equals a 6.1% increase compared to the FY 2019 final budget.

The first of five payments will be due on the Solar Array Bond in July 2019. In addition, increases are due to the fact of underfunding in some of the CIP items. This year and going forward, attempts will be made to properly budget for these items.

On March 4, 2020, the Town issued a general obligation note totaling \$240,000 to finance the school department's capital improvement projects for fiscal year 2020. The note matures on March 4, 2025 and carries an annual interest rate of 3.21%. Principal and interest payments of \$52,721 are due annually in March.

Contacting the Town's Financial Management

If you have questions about this report or wish to request additional financial information, please contact the Town Manager, Michele Bukoveckas, (207) 787-2457, or by visiting the Town Office at 406 Bridgton Road, Sebago, Maine.

Statement of Net Position

Statement 1

As of June 30, 2019

	<u>Governmental Activities</u>
Assets	
Cash and equivalents	\$ 5,344,832
Accounts receivable	48,823
Taxes receivable	348,010
Liens receivable	94,562
School's other current assets	<u>69,468</u>
Total current assets	5,905,695
Land	328,758
Other capital assets	5,569,573
Accumulated depreciation	<u>(2,723,675)</u>
Net capital assets	<u>3,174,656</u>
Total Assets	9,080,351
Liabilities	
Accounts payable	442,963
Accrued expenses	24,700
Customer deposits	7,115
School's accrued wages	133,919
School's other current liabilities	18,624
Long-term debt - due within one year	<u>214,037</u>
Total current liabilities	841,358
Accrued compensated absences	7,665
Long-term debt - due beyond one year	<u>1,065,871</u>
Total non-current liabilities	<u>1,073,536</u>
Total Liabilities	1,914,894
Deferred Inflows of Resources	
Prepaid taxes	<u>9,777</u>
Net Position	
Net investment in capital assets	3,029,656
Restricted	(547,956)
Unrestricted	<u>4,673,980</u>
Total Net Position	<u><u>\$ 7,155,680</u></u>

Statement of Activities

Statement 2

For the Year Ended June 30, 2019

Functions / Programs	Program Revenues			Net (Expense)
				Revenue and
				Changes in
	Expenses	Charges for	Operating Grants and	Net Position
		Services	Contributions	Governmental
				Activities
Primary Government				
Governmental Activities				
General government	\$ 402,796	\$ 36,680	\$ 1,752	\$ (364,364)
Public safety	218,467	48,530	-	(169,937)
Health and sanitation	157,164	-	-	(157,164)
Public works	512,347	-	50,204	(462,143)
Town properties	46,414	1,350	-	(45,064)
Recreation and community	52,178	1,385	-	(50,793)
Education	3,521,147	10,720	207,282	(3,303,145)
County tax	264,667	-	-	(264,667)
Abatements / overlay	16,512	-	-	(16,512)
Other expenses	361,027	-	16,908	(344,119)
Total Primary Government	\$ 5,552,719	\$ 98,665	\$ 276,146	(5,177,908)
General Revenues				
Property taxes				4,901,894
Excise taxes				393,954
Intergovernmental				289,371
Licenses, permits, and fees				73,112
Other revenues				180,294
Net loss on the disposal of assets				(22,982)
Total general revenues				<u>5,815,643</u>
Net Revenue Before Extraordinary Items				637,735
Extraordinary Items				
Payout from MSAD 61				364,743
Net MSAD 61's assets and debt acquired				<u>(956,939)</u>
Total extraordinary items				<u>(592,196)</u>
Change in Net Position				45,539
Beginning net position				<u>7,110,141</u>
Ending net position				<u>\$ 7,155,680</u>

Balance Sheet

Statement 3

Governmental Funds

As of June 30, 2019

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and equivalents	\$ 2,927,294	\$ 2,282,301	\$ 135,237	\$ 5,344,832
Accounts receivable	25,827	-	22,996	48,823
Taxes receivable	348,010	-	-	348,010
Liens receivable	94,563	-	-	94,563
School's other current assets	66,310	-	3,158	69,468
Due from other funds	47,572	-	40,327	87,899
Total Assets	<u>\$ 3,509,576</u>	<u>\$ 2,282,301</u>	<u>\$ 201,718</u>	<u>\$ 5,993,595</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 442,443	\$ -	\$ 520	\$ 442,963
Accrued expenses	24,700	-	-	24,700
Customer deposits	7,115	-	-	7,115
School's accrued wages	133,919	-	-	133,919
School's other current liabilities	-	-	810	810
Due to other funds	41,227	-	46,672	87,899
Total liabilities	<u>649,404</u>	<u>-</u>	<u>48,002</u>	<u>697,406</u>
Deferred inflows of resources				
Prepaid taxes	9,777	-	-	9,777
Unavailable taxes	133,542	-	-	133,542
Total deferred inflows	<u>143,319</u>	<u>-</u>	<u>-</u>	<u>143,319</u>
Fund balances				
Restricted	241,802	-	10,434	252,236
Committed	-	2,282,301	143,282	2,425,583
Assigned	371,550	-	-	371,550
Unassigned	2,103,501	-	-	2,103,501
Total fund balances	<u>2,716,853</u>	<u>2,282,301</u>	<u>153,716</u>	<u>5,152,870</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,509,576</u>	<u>\$ 2,282,301</u>	<u>\$ 201,718</u>	<u>\$ 5,993,595</u>

**Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities**

Statement 4

As of June 30, 2019

Total governmental fund balances, per Statement 3	\$ 5,152,870
Capital assets reported in the Statement of Net Position are not current financial resources and, therefore, are not reported in the governmental funds.	3,174,656
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Accrued compensated absences payable	(7,665)
Long-term debt and related interest	(1,297,722)
Deferred outflows and inflows of resources related to unavailable property taxes are not claims on economic resources and, therefore, are not included in the Statement of Net Position	<u>133,541</u>
Net position of governmental activities, per Statement 1	<u><u>\$ 7,155,680</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances

Statement 5

Governmental Funds

For the Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 5,024,401	\$ -	\$ -	\$ 5,024,401
Excise taxes	393,954	-	-	393,954
Intergovernmental	340,766	-	124,472	465,238
Licenses, permits, and fees	73,112	-	-	73,112
Charges for services	39,415	-	59,250	98,665
Other revenues	145,591	30,731	27,609	203,931
Total revenues	6,017,239	30,731	211,331	6,259,301
Expenditures				
General government	525,513	-	-	525,513
Public safety	316,457	-	-	316,457
Health and sanitation	155,062	-	-	155,062
Public works	647,150	-	-	647,150
Town properties	46,414	-	-	46,414
Recreation and community	52,178	-	-	52,178
Education	3,487,434	-	190,460	3,677,894
County tax	264,667	-	-	264,667
Abatements / overlay	16,512	-	-	16,512
Capital projects	-	353,882	-	353,882
Other expenditures	-	-	7,144	7,144
Total expenditures	5,511,387	353,882	197,604	6,062,873
Revenue Surplus (Deficit)	505,852	(323,151)	13,727	196,428
Other Financing Sources (Uses)				
Bond proceeds	-	145,000	-	145,000
Insurance proceeds	76,638	-	-	76,638
Transfers in	-	504,048	30,000	534,048
Transfers out	(534,048)	-	-	(534,048)
Total other financing	(457,410)	649,048	30,000	221,638
Extraordinary Items				
Payout from MSAD 61	364,743	-	-	364,743
Net Change in Fund Balance	413,185	325,897	43,727	782,809
Beginning Fund Balance	2,303,668	1,956,404	109,989	4,370,061
Ending Fund Balance	\$ 2,716,853	\$ 2,282,301	\$ 153,716	\$ 5,152,870

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

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

Statement 6

For the Year Ended June 30, 2019

Total net change in fund balances of governmental funds, per Statement 5	\$ 782,809
Issuance of new debt is reported as an other financing source in the governmental funds, but is not reported as revenue for governmental activities. Instead, it is reported as increases in long-term debt in the Statement of Net Position.	(145,000)
Repayment of the principal portion of a lease obligation is an expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance, but is not an expense on the Statement of Activities. Also, the change in accrued interest expense from one year to the next is not an expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance, but is an expense adjustment on the Statement of Activities.	
Long-term debt payments	178,159
Change in accrued interest expense	(17,814)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Losses resulting from the disposal of assets are not consumption of current financial resources and, therefore, are not recognized in the fund financial statements. However, they are considered consumption of economic resources and are recognized in the Statement of Activities.	
Capital outlays	631,847
Depreciation expense	(283,160)
Adjustment to gain on disposal of capital assets	(22,982)
Taxes that are not received within 60 days of the end of the period are not considered available current resources in the fund financial statements and, thus, are not recognized in revenue in the current period. However, they are considered economic resources and are recognized in the Statement of Activities.	
Change in unavailable taxes	(122,507)
Net extraordinary costs related to the withdrawal from MSAD 61 do not represent current financial resource inflows or outflows and, therefore, are not reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance. They are reported as extraordinary items in the Statement of Activities.	
Book value of MSAD 61's capital assets acquired upon withdrawal from the District	356,128
Portion of MSAD 61's long-term debt incurred upon withdrawal from the District	(1,313,067)
Changes in accrued compensated absences from one period to the next represent expenses in the Statement of Activities, but are not expenditures of current financial resources and, thus, are not recognized in the fund financial statements.	
Change in accrued compensated absences	<u>1,126</u>
Change in Net Position of Governmental Activities, per Statement 2	<u>\$ 45,539</u>

Statement of Fiduciary Net Position

Statement 7

Fiduciary Funds

As of June 30, 2019

	Custodial Funds	Private-purpose Trusts		
	Joseph Potter Fitch Fund	Perpetual Care Funds	Pooled Cemetery Funds	Total
Assets				
Cash	\$ 37,290	\$ 21,899	\$ 15,399	\$ 74,588
Liabilities				
Due to others	\$ 37,290	-	-	37,290
Net Position				
Non-expendable		11,400	8,434	19,834
Expendable		10,499	6,965	17,464
Total Net Position		\$ 21,899	\$ 15,399	\$ 37,298

Statement of Changes in Fiduciary Net Position

Statement 8

Fiduciary Funds

For the Year Ended June 30, 2019

	Private-purpose Trusts		
	Perpetual Care Funds	Pooled Cemetery Funds	Total
Additions			
Interest	\$ 58	\$ 381	\$ 439
Lot sales	900	-	900
Fund Transfer	202	(202)	-
Total additions	1,160	179	1,339
Deductions			
For designated purposes	5	-	5
Change in Net Position	1,155	179	1,334
Beginning Net Position	20,744	15,220	35,964
Ending Net Position	<u>\$ 21,899</u>	<u>\$ 15,399</u>	<u>\$ 37,298</u>

Note 1 Summary of Significant Accounting Policies**The Reporting Entity**

The Town of Sebago, Maine, incorporated in 1826 operates under a Town Manager-Selectmen form of government. The Board of Selectmen consists of five members elected by the registered voters for three year staggered terms. The financial statements of the Town of Sebago conform to generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The more significant accounting policies used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

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

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

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Note 1 Summary of Significant Accounting Policies (Continued)*Fund Financial Statements*

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

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

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

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

Special Revenue Funds are used to account for the proceeds of specific sources that are intended to be expended for specified purposes. None of the special revenue funds is considered a major fund in the current year.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of capital assets. The fund accounts for all of the capital investment projects (CIP) that have been approved by the Town for future expenditures and is considered a major fund.

Governmental funds are reported on a modified accrual, current financial resources basis.

For fiduciary funds, the focus is on fund type rather than reporting by major funds. The Town maintains two types of fiduciary funds - private-purpose trusts and custodial funds.

Private-Purpose Trusts and *Custodial Funds* are used to account for assets received by the Town and held in a trustee capacity. Non-expendable trust funds are those whose principal must be preserved intact. Custodial funds are generally used to account for assets that the government holds on behalf of others as their agent. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are not incorporated into the government-wide statements.

Fiduciary funds are reported on a full accrual, economic resources basis.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus excludes from measurement resources such as fixed assets, other non-current assets, and long-term liabilities. Under modified accrual accounting, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

Interfund Transactions

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

Interfund loans are recorded as receivables and payables and are presented as "due from other funds" and "due to other funds," respectively, on the balance sheets of the fund financial statements. For reporting purposes, current amounts due from and due to the same funds are offset and the net amounts are shown in the respective fund balance sheets. Non-fiduciary interfund loans are eliminated in the government-wide financial statements.

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

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

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

Cash and Equivalents

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

Accounts Receivable

Receivables consist of all revenues recognized by year-end (on the applicable basis of accounting) but not yet received. Under US GAAP, accounts receivable are to be reported net of an allowance for doubtful accounts. Management makes no allowance for doubtful accounts because it believes if an allowance were estimated, it would not materially affect the balances of accounts receivable or the overall presentation of the financial statements. Historically, the Town has not experienced any significant bad debts, primarily due to its ability to compel payment of taxes through the lien process and through the courts. Other types of significant receivables include amounts due from insurance companies for EMS services rendered and from the State of Maine for intergovernmental revenues. Historically, neither of these sources of recognized revenues has resulted in bad debts.

Capital Assets

Capital assets, which include land, building, equipment, and infrastructure are reported in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost or estimated historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives of the assets.

Buildings	15 - 40 years
Equipment	5 - 20 years
Infrastructure	10 years

The cost of normal repairs and maintenance that do not add to the value of the assets or materially extend asset lives are not capitalized.

The Town has elected not to retroactively report their major infrastructure assets acquired prior to 2003.

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

Note 1 Summary of Significant Accounting Policies (Continued)

Accrued Compensated Absences

Pursuant to the terms of the personnel policies, vacation time is granted in varying amounts according to the length of service. In the government-wide financial statements, liabilities that are attributable to services already rendered are accrued as employees earn the rights to the benefits and are recognized in the period incurred. In the governmental fund financial statements, compensated absences are recognized as related payments come due each period.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position (government-wide financial statements) and Balance Sheet (governmental fund financial statements) will sometimes report an additional financial statement element called *deferred outflows of resources*. This element represents a consumption of resources that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the Statement of Net Position (government-wide financial statements) and Balance Sheet (governmental fund financial statements) will sometimes report an additional financial statement element called *deferred inflows of resources*. This element represents an acquisition of resources that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. On both the Statement of Net Position and the Balance Sheet, the Town's deferred inflows of resources consist of property taxes collected in advance (labeled "prepaid taxes"). Additionally, on the Balance Sheet, due to requirements under the modified accrual basis of accounting, deferred inflows of resources also include unavailable property taxes (property taxes not collected within 60 days after the financial statement date).

Net Position Components

Net position in the government-wide financial statements is required to be separated into the following three components:

Net Investment in Capital Assets - This component shows the portion of net position that is the most illiquid. It is tied up in capital assets, net of any depreciation or related debt.

Capital assets	\$ 5,898,331
Accumulated depreciation	(2,723,675)
Capital asset-related debt	<u>(145,000)</u>
Net investment in capital assets	<u>\$ 3,029,656</u>

Restricted - This component shows the portion of net assets that is restricted by external constraints (e.g., grant agreements, laws, regulations, other governments, etc.) to be used only for specified purposes.

Unrestricted - This component shows the remainder of net position that is neither net investment in capital assets nor restricted. It is the portion that may be used for general governmental purposes.

Note 1 Summary of Significant Accounting Policies (Continued)**Fund Balance Components**

In the governmental fund financial statements, fund balance is separated into five possible components that describe the extent to which the Town is bound to observe constraints imposed on the use of those resources, and thus their general accessibility and liquidity. The categories are as follows:

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

Restricted - represents the portion of fund balance which has external or legal restrictions on its use, such as restrictions on use established by grantors, creditors, or due to statutes or other legislation.

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

Assigned - reflects the amounts constrained by the Town's *intent* to be used for specific purposes, but are neither restricted nor committed. The subsequent fiscal year's budgeted deficit, often referred to as the *budgeted use of fund balance*, and unexpended appropriations authorized to be carried forward to the next fiscal year are classified as assigned.

Unassigned - represents amounts that are available for any purpose and that are not classified as any other fund balance component.

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

Pensions and Other Post-Employment Benefits (OPEB)

The town's school department (the Department) employees are covered under pension and other post-employment benefits (OPEB) plans. For purposes of measuring the pension liability, deferred outflows and deferred inflows related to pensions, and pension expense, information about the fiduciary net position of the MainePERS State Employee and Teacher (SET) Plan (the Pension Plan) and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For purposes of measuring the Department's OPEB liability, deferred outflows and deferred inflows related to OPEB, and OPEB expense, information about the fiduciary net position of the MainePERS Group Life Insurance (GLI) Plan and the Maine Education Association Benefits Trust (MEABT) Plan (collectively, the OPEB Plans) and additions to/deductions from the OPEB Plans' fiduciary net positions have been determined on the same basis as they are reported by the OPEB Plans.

For these purposes, the Pension Plan and the OPEB Plans recognize additions when earned and measurable, and deductions when due and payable in accordance with the terms of the statutes. In addition, an estimate is made for group life insurance death benefits incurred before year end but not reported to the GLI OPEB Plan until after year end. Investments of the plans are measured at fair value.

Note 1 Summary of Significant Accounting Policies (Continued)

Due to timing differences between audited information about the plans becoming available from MainePERS and MEABT and the statutorily required deadlines for audited financial statements for the Department, the Department uses measurement dates from the plans' account balances and activities that are 12 months prior to the date of the Statement of Net Position. Appropriate adjustments are made to the Statement of Net Position and Statement of Activity to reflect these divergent measurement dates. The use of the different measurement date is allowed under GASB Statement No. 68 Accounting and Financial Reporting for Pensions and GASB Statement No 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

As a result of the foregoing paragraph, no amounts are presented for the Department for pensions and OPEB as of June 30, 2019, because the measurement dates would be June 30, 2018, before the School Department came into existence. Amounts for pensions and OPEB will be included in the FY2020 financial statements.

Estimates

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

Note 2 Cash**Custodial Credit Risk**

Custodial credit risk of deposits is the risk that, in the event of a bank failure, the Town will not be able to recover the value of its deposits. Custodial credit risk of investments is the risk that the Town will not be able to recover the value of its investments with the counterparty. Town policy is that deposits can only be made in financial institutions insured by the FDIC. Deposits that exceed FDIC limits are invested in repurchase agreements with the financial institution.

As of June 30, 2019, the Town's municipal deposits held at the financial institution totaled \$326,981 of which all was insured by the FDIC.

As of June 30, 2019, \$454,984 of the school department's bank balance of \$704,984 was exposed to custodial credit risk. \$250,000 was insured by the FDIC.

Repurchase Agreements

The Town had repurchase agreements with its financial institution at year end totaling \$4,676,360. Under the repurchase agreement, securities are purchased at a minimum of 105% of the value of the investment. Purchased securities are all government securities that include U.S. Treasury securities, federal agencies, and those of U.S. government-related corporations. All securities are held by the financial institution's trust department in segregated accounts. The carrying value of the repurchase agreements approximates their fair value.

Note 3 Property Taxes

The Town's property taxes for the July 1, 2018, to June 30, 2019, fiscal year were committed on September 4, 2018. Taxes were due semi-annually on November 6, 2018 and May 7, 2019. Unpaid taxes are charged interest of 7.0% per annum. The tax commitment was based on the April 1, 2018 assessed real estate and personal property values totaling \$371,126,727.

The Town is permitted by the laws of the State of Maine to levy taxes to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$3,676.

Property taxes levied for the fiscal year are recorded as receivables at the time the levy is made. In the governmental funds, the receivables collected during the year and during the first sixty (60) days after June 30, 2019 are recognized as revenues. The remaining receivables estimated to be collectible subsequent to the sixty (60) day period are recorded as deferred revenues (see Note 1 *Deferred Outflows/Inflows of Resources*).

In addition to the original property tax levy, the Town assessed \$21,578 in supplemental taxes during the year and issued no abatements of FY19 tax levies. Additionally, changes in the balance of unavailable property taxes from the prior fiscal year to the current fiscal year resulted in the recognition of an additional \$122,507 in property tax revenue on the General Fund's financial statements. All told, property tax revenue recognized in the governmental fund financial statements for fiscal year 2019 is \$5,002,824.

The tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid. Property acquired by foreclosure for non-payment of taxes is recorded at the amount of expired tax liens plus the cost involved in foreclosure. Liens and any current taxes on the same parcel are not included as part of the tax acquired property account until expiration of statutory time limits.

The following summarizes the fiscal year 2019 levy:

Taxable valuation of real estate	\$ 362,067,732
Taxable valuation of personal property	<u>9,058,995</u>
Total taxable valuation	371,126,727
Property tax rate (per thousand)	<u>13.15</u>
Total property tax levy	<u><u>\$ 4,880,316</u></u>

Collection of fiscal year 2019 taxes levied is as follows:

Original property tax levy	\$ 4,880,316
Supplemental taxes assessed	<u>21,578</u>
Total taxes levied	4,901,894
Current year taxes receivable outstanding	<u>(345,919)</u>
Total current year tax collections	<u><u>\$ 4,555,975</u></u>
Collection rate	92.9%

Note 4 Capital Assets

Capital asset activity during 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable assets				
Land	\$ 328,758	\$ -	\$ -	\$ 328,758
Depreciable assets				
Buidlings	1,374,478	179,959	-	1,554,437
Equipment	2,775,269	153,863	(170,940)	2,758,192
Infrastructure	958,917	298,028	-	1,256,945
Total depreciable assets	<u>5,108,664</u>	<u>631,850</u>	<u>(170,940)</u>	<u>5,569,574</u>
Gross capital assets	5,437,422	631,850	(170,940)	5,898,332
Accumulated depreciation				
Buidlings	641,865	34,300	-	676,165
Equipment	1,511,201	161,298	(147,958)	1,524,541
Infrastructure	435,408	87,562	-	522,970
Total accumulated depreciation	<u>2,588,474</u>	<u>283,160</u>	<u>(147,958)</u>	<u>2,723,676</u>
Net capital assets	<u>\$ 2,848,948</u>	<u>\$ 348,690</u>	<u>\$ (22,982)</u>	<u>\$ 3,174,656</u>

As part of the withdrawal agreement with MSAD 61, the town acquired capital assets related to the Sebago Elementary School as of July 1, 2018. The amounts are included in the beginning balance above and represent an extraordinary item on the Statement of Activities.

Balances acquired and included in the beginning balance above are as follows:

	Cost	Accumulated Depreciation	Net Book Value
Buidlings	\$ 415,221	\$ (161,333)	\$ 253,888
Equipment	221,883	(119,643)	102,240
	<u>\$ 637,104</u>	<u>\$ (280,976)</u>	<u>\$ 356,128</u>

Depreciation expense was charged to governmental activities functions in the Statement of Activities as follows:

General government	\$ 23,364
Public safety	55,353
Health and sanitation	2,102
Public works	163,225
Education	39,116
Total depreciation expense	<u>\$ 283,160</u>

Note 5 Long-term Debt

As of July 1, 2018, the Town became obligated to pay 14.3% of MSAD 61's outstanding debt as of June 30, 2018, in accordance with the withdrawal agreement. These various bonds will finally mature in 2032. Additionally, during the year, the Town issued \$145,000 in new debt to pay for the Solar Array project.

At the end of the fiscal year, the Town's bonded debt totaled \$1,279,908, of which \$214,037 is due to be paid within one year.

	Bonds Payable
Beginning balance	\$ -
Add: Acquisition of MSAD 61 debt	1,313,067
Add: New debt issues	145,000
Less: Principal payments	<u>(178,159)</u>
Ending balance	1,279,908
Amounts due within one year	<u>(214,037)</u>
Amounts due beyond one year	<u><u>\$ 1,065,871</u></u>

The maturities of the outstanding bonds are as follows:

Fiscal year 2020	\$214,037
Fiscal year 2021	186,463
Fiscal year 2022	134,832
Fiscal year 2023	135,640
Fiscal year 2024	136,475
Fiscal years 2025 - 2029	378,019
Fiscal years 2030 - 2032	<u>94,442</u>
Total long-term debt	<u><u>\$ 1,279,908</u></u>

Note 6 Contingent Liabilities

State and Federal Grants

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

Litigation

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

Note 7 Statutory Debt Limit

In accordance with 30-A MRSA, Section 5702, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of its state valuation. Additionally, no municipality shall incur a debt in the aggregate in excess of 15% of its state valuation. The Town's valuation, per the Maine Revenue Service, as of January 22, 2019, was \$396,200,000, which means its total statutory debt ceiling is \$59,430,000.

Note 8 Risk Management

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

Based on coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2019.

Note 9 Interfund Activity

Interfund balances at June 30, 2019, consisted of the following:

	Due From Other Funds	Due To Other Funds
General fund	\$ 47,572	\$ 41,227
Capital projects fund	-	-
Other governmental funds	<u>40,327</u>	<u>46,672</u>
Total interfund balances	<u>\$ 87,899</u>	<u>\$ 87,899</u>

The balances represent amounts one fund is owed from or owes to another fund, usually due to the use of a centralized checking account. When this occurs, revenue or expenditures in one fund are received in or expended from another fund's cash account and, therefore, represents an interfund asset or liability, as appropriate.

Note 9 Interfund Activity (Continued)

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

	Transfers In	Transfers Out
General fund	\$ -	\$ 534,048
Capital projects fund	504,048	-
Other governmental funds	30,000	-
	<u>534,048</u>	<u>-</u>
Total interfund transfers	<u>\$ 534,048</u>	<u>\$ 534,048</u>

Transfers occur when one fund contributes resources to another fund with no expectation of being repaid. The transfers from the General Fund to the Capital Projects Fund represent the amounts approved at the annual town meeting for additions to new capital improvement projects, along with insurance proceeds earmarked for reinvestment in the Capital Projects Fund. The amounts transferred from the General Fund to other governmental funds were the amounts transferred to the school lunch fund.

Note 10 Components of Fund Balances

The General Fund's ending fund balance of \$2,716,853 is composed of the following fund balance types:

	Restricted	Assigned
FY 20 carryforward	\$ 241,802	\$ -
FY 20 carryforward	-	97,277
FY20 budgeted use of fund balance	-	262,605
Vault	-	4,029
Dry hydrants	-	3,889
Assigned - other	-	3,750
Totals	<u>\$ 241,802</u>	<u>\$ 371,550</u>

The remaining \$2,103,501 in the General Fund's fund balance is unassigned.

See Note 1 *Fund Balance Components* for definitions of these categories.

Note 11 Municipal Retirement Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 408(p) on November 14, 2000. The plan, available to eligible Town employees, permits them to defer a portion of their salary until future years. The Town matches up to 3% of each qualified employees' earnings. An employee who regularly works 20 hours per week and has completed a period of 30 days of consecutive employment may become a participant in this plan. Currently six employees participate in this plan.

Assets of the plan are placed in trusts for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred, including earnings on plan assets, are not included in the Town's financial statements. The Town contributed \$6,451 to the plan for fiscal year 2019.

Note 12 School Department Defined Benefit Pension Plan**General Information about the Pension Plan***Pension Plan Description*

The State Employee and Teacher Plan (the Pension Plan) is a multiple-employer cost sharing plan with a special funding situation. As of June 30, 2018, there were 248 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability (IUAL) on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. The Pension Plan is administered by the Maine Public Employees Retirement System (MainePERS).

Pension Benefits

Benefit terms are established in Maine statute. MainePERS' retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. 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. MainePERS also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

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 MainePERS' Board of Trustees and is currently 2.4%.

Note 12 School Department Defined Benefit Pension Plan (Continued)

Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. 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.

Financial Reporting

MainePERS issues annual financial reports for the Pension Plan which can be found online at:

<http://www.mainebers.org/Publications/Publications.htm#Annual Reports>

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

The net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions were measured at June 30, 2018, the latest measurement date available, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Because this date is before the Department came into existence, there are no reported pension liabilities, expense, or deferred flows of resources related to pensions for the fiscal year ended June 30, 2019. The Department will report first report these figures in its fiscal year 2020 financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report.

Note 13 School Department Other Post-Employment Benefits Plans

General Information about the OPEB Plans

GLI OPEB Plan Description

The Department participates in the Group Life Insurance (GLI) Plan for Retired State Employees and Teachers administered by MainePERS. It is a multiple-employer cost-sharing plan with a special funding situation. As of

June 30, 2018, there were 222 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public-school teachers in the plan.

Coverage for active employees is available to eligible participants and includes basic insurance consisting of life insurance and accidental death and dismemberment insurance in the amount equal to the participant's annual base compensation rounded up to the next \$1,000. Additional supplemental insurance coverage is available to those participants who elect basic coverage. Participants may also elect to insure the life of a dependent not otherwise insured under the basic and supplemental insurance provisions of the program.

Note 13 School Department OPEB Plans (Continued)*GLI OPEB Plan Benefits*

The OPEB plan provides basic group life insurance benefits, during retirement, to retirees who participated in the group life insurance plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits).

The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

GLI OPEB Plan Funding Policy

Premium rates are those determined by MainePERS' Board of Trustees to be actuarially sufficient to pay anticipated claims. The premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State of Maine as the total dollar amount of each year's annual required contribution.

GLI OPEB Plan Financial Reporting

MainePERS issues annual financial reports for the Group Life Insurance Plan which can be found online at:

<http://www.maineopers.org/Publications/Publications.htm#Annual Reports>

Health Insurance OPEB Plan Description

The Department sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Health Insurance OPEB Plan Benefits

MEABT provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and/or spouse.

Note 13 School Department OPEB Plans (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability, deferred inflows of resources and deferred outflows of resources related to OPEB were measured at June 30, 2018, the latest measurement date available, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. Because this date is before the Department came into existence, there are no reported pension liabilities, expense, or deferred flows of resources related to OPEB for the fiscal year ended June 30, 2019. The Department will report first report these figures in its fiscal year 2020 financial statements.

Note 12 Subsequent Events

On March 4, 2020, the Town issued a general obligation note for \$240,000 to finance school department capital projects. The note carries an interest rate of 3.21% and matures in March 2025.

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 10, 2020, the date the financial statements were available to be issued.

Budgetary Comparison Schedule

Schedule 1

General Fund - Budgetary Basis
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 4,907,584	\$ 4,880,316	\$ 5,024,401	\$ 144,085
Excise taxes	307,000	307,000	393,954	86,954
Intergovernmental	180,776	208,044	203,540	(4,504)
Licenses, permits, and fees	61,942	61,942	73,112	11,170
Charges for services	14,100	14,100	39,415	25,315
Other revenues	57,000	57,000	57,194	194
Total revenues	5,528,402	5,528,402	5,791,616	263,214
Expenditures				
General government	583,065	583,065	525,513	57,552
Public safety	414,624	414,624	316,457	98,167
Health and sanitation	153,520	153,520	155,062	(1,542)
Public works	575,800	733,686	647,150	86,536
Town properties	45,985	45,985	46,414	(429)
Recreation and community organizations	64,995	64,995	52,178	12,817
Education	3,168,870	3,168,870	3,168,870	-
County tax	264,667	264,667	264,667	-
Abatements / overlay	3,676	3,676	16,512	(12,836)
Total Expenditures	<u>5,275,202</u>	<u>5,433,088</u>	<u>5,192,823</u>	<u>240,265</u>
Revenue Surplus	253,200	95,314	598,793	503,479
Other Financing Sources (Uses)				
Proceeds from insurance	-	-	76,638	76,638
Transfers out	(380,184)	(380,184)	(504,048)	(123,864)
Total other financing sources (uses)	<u>(380,184)</u>	<u>(380,184)</u>	<u>(427,410)</u>	<u>(47,226)</u>
Change in Fund Balance	<u>\$ (126,984)</u>	<u>\$ (284,870)</u>	<u>\$ 171,383</u>	<u>\$ 456,253</u>
Addition to (Use of) Fund Balance				
Assigned	\$ (126,984)	\$ (284,870)	\$ 75,012	
Unassigned	<u>-</u>	<u>-</u>	<u>96,371</u>	
	<u>\$ (126,984)</u>	<u>\$ (284,870)</u>	<u>\$ 171,383</u>	

Note 1 Budgetary Accounting

Each year a budget is adopted for the general fund. The budget is presented on the budgetary basis, which differs slightly from the modified accrual basis of accounting, upon which the General Fund's financial statements are presented. Formal budgetary integration is employed as a management control device during the year for the general fund.

Note 2 Budgetary Basis to GAAP Basis Reconciliation

The Town's budgetary basis contains a perspective difference from the GAAP basis financial statements with regard to education revenues and expenditures. On a GAAP basis, all revenues and expenditures related to the school department are presented as part of the General Fund's total revenues and expenditures. On a budgetary basis, none of the school department's General Fund revenues are included (other than property taxes levied for education) and only the amounts transferred from the municipal accounts to the school department's accounts are presented as General Fund expenditures.

The reconciliation between the budgetary basis and GAAP basis is as follows:

Total revenues on the budgetary basis (Schedule 1)	\$ 5,791,616
Plus: School department non-tax revenues	<u>225,623</u>
Total revenues on the GAAP basis (Statement 5)	<u>\$ 6,017,239</u>
Total expenditures on the budgetary basis (Schedule 1)	\$ 5,192,823
Less: Budgetary basis education expenditures (Schedule 1)	(3,168,870)
Less: GAAP basis education expenditures (Statement 5)	<u>3,487,434</u>
Total expenditures on the GAAP basis (Statement 5)	<u>\$ 5,511,387</u>

Note 3 Original and Final Budget Differences

The original budget is the appropriated budget in place before the start of the fiscal year. The final budget includes any changes made to the original budget during the fiscal year. The differences between the original and final budgets are as follows:

- Homestead reimbursement, BETE reimbursement, and the property tax levy estimates were updated at the commitment date as a result of revised calculations. The net increase in budgeted revenues was \$27,268, all of which was off-set with a budgeted overlay expenditure, resulting in no net effect to the budgeted deficit.
- The Town had approved to carry forward an unspent balance from paving, in the amount of \$157,886, from fiscal year 2018 to the final budget of fiscal year 2019.

The net effect of the change above increased the budgeted deficit by \$157,886. The original budgeted deficit (budgeted use of fund balance) was \$126,984; the final budgeted deficit was \$284,870. Actual results of operations was a surplus of \$171,383.

Note 4 Over-expended Budget Lines

The following expenditure line items were over budget in fiscal year 2019, by the amounts below.

Health and sanitation	\$ (1,542)
Town properties	\$ (429)
Town properties	<u>(12,836)</u>
 Total over-expenditures	 <u><u>\$ (14,807)</u></u>

Schedule of Departmental Operations

Schedule 2

For the Year Ended June 30, 2019

	Current Year Appropriations and Amounts Carried Forward	Current Year Expenditures	Unexpended / (Overdrawn)	Unexpended Amounts Carried Forward
General Government				
Administration	\$ 340,600	\$ 286,582	\$ 54,018	\$ -
Selectmen	16,400	14,934	1,466	-
Town manager	63,300	62,265	1,035	-
Clerk / tax collector	87,700	86,406	1,294	-
Code enforcement	53,400	56,119	(2,719)	-
Health officer	1,080	800	280	-
General assistance	10,575	4,767	5,808	-
Elections	3,250	2,853	397	-
Appeals board	150	110	40	-
Planning board	150	65	85	-
Service providers	6,460	6,460	-	-
Special committees	-	4,153	(4,153)	-
Total general government	583,065	525,514	57,551	-
Public Safety				
Alarms	8,100	6,932	1,168	-
Animal control	3,619	3,333	286	-
Rescue	112,850	47,713	65,137	-
Daytime rescue	153,800	144,571	9,229	-
Fire	106,655	87,028	19,627	-
Dispatch	29,600	26,879	2,721	-
Total public safety	414,624	316,456	98,168	-
Health and Sanitation				
Solid waste	145,420	148,024	(2,604)	-
Hazardous waste	8,100	7,039	1,061	-
Total health and sanitation	153,520	155,063	(1,543)	-
Public Works				
Roads	443,586	332,795	110,791	88,873
Snow removal	290,100	314,355	(24,255)	-
Total public works	733,686	647,150	86,536	88,873

Schedule of Departmental Operations

Schedule 2 (Continued)

For the Year Ended June 30, 2019

	Current Year Appropriations and Amounts Carried Forward	Current Year Expenditures	Unexpended / (Overdrawn)	Unexpended Appropriations Carried Forward
Town Properties				
Street lights	\$ 7,600	\$ 7,115	\$ 485	\$ -
Town hall	11,600	12,770	(1,170)	-
Town office	11,350	10,963	387	-
Town garage	10,150	11,586	(1,436)	-
Sebago veterans' memorial park	700	458	242	-
Sebago cemetery	150	11	139	-
Associated cemeteries	585	479	106	-
Smal cemeteries	1,500	615	885	-
Historical society	2,350	2,417	(67)	-
Total town properties	45,985	46,414	(429)	-
Recreation				
Sebago days	6,000	6,000	-	-
Memorial day	865	865	-	-
Recreation administration	18,000	8,463	9,537	8,404
Douglas mountain	1,330	417	913	-
Town beach	4,000	3,854	146	-
SYAA	4,500	4,500	-	-
Soccer	3,000	1,588	1,412	-
Basketball	2,000	1,190	810	-
Library	22,000	22,000	-	-
Food pantry	3,300	3,300	-	-
Total recreation	64,995	52,177	12,818	8,404
Other Expenditures				
Education*	3,168,870	3,168,870	-	-
County tax	264,667	264,667	-	-
Overlay / Abatements	3,676	16,512	(12,836)	-
Total fixed charges	3,437,213	3,450,049	(12,836)	-
Total All Departments	<u>\$ 5,433,088</u>	<u>\$ 5,192,823</u>	<u>\$ 240,265</u>	<u>\$ 97,277</u>

*For this schedule, Education figures are presented on a budgetary basis instead of a GAAP basis.

Combining Balance Sheet

Schedule 3

Nonmajor Municipal Special Revenue Funds*

As of June 30, 2019

	Assets			
	Cash	Accounts Receivable	Due From Other Funds	Total Assets
EMS daytime rescue	\$ 135,074	\$ 16,752	\$ -	\$ 151,826
Fuel assistance fund	-	-	6,461	6,461
FEMA Homeland Security	-	-	24,406	24,406
Adelphia cable TV equipment	-	-	290	290
Teddy bear fund	163	-	-	163
CDBG grant	-	-	140	140
Community Found Grant	-	-	2,500	2,500
Total	<u>\$ 135,237</u>	<u>\$ 16,752</u>	<u>\$ 33,797</u>	<u>\$ 185,786</u>

	Liabilities and Fund Balance		
	Due To Other Funds	Fund Balance	Total L & FB
EMS daytime rescue	\$ 13,296	\$ 138,530	\$ 151,826
Fuel assistance fund	1,709	4,752	6,461
FEMA Homeland Security	-	24,406	24,406
Adelphia cable TV equipment	-	290	290
Teddy bear fund	-	163	163
CDBG grant	-	140	140
Community Found Grant	2,500	-	2,500
Total	<u>\$ 17,505</u>	<u>\$ 168,281</u>	<u>\$ 185,786</u>

**This schedule excludes the School Department's non-major special revenue funds.*

*For details of the School Department's special revenue funds,
the Department's separately issued financial statements.*

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

Schedule 4

Nonmajor Municipal Special Revenue Funds*

For the Year Ended June 30, 2019

	Beginning Balance	Revenue	Transfers In / (Out)	Expenditures	Ending Balance
EMS daytime rescue	\$ 90,000	\$ 48,530	\$ -	\$ -	\$ 138,530
Fuel assistance fund	4,794	1,667	-	(1,709)	4,752
FEMA Homeland Security	12,103	15,238	-	(2,935)	24,406
Adelphia cable TV equipment	290	-	-	-	290
Teddy bear fund	162	1	-	-	163
CDBG grant	140	-	-	-	140
Community Found Grant	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>
Total	<u>\$ 109,989</u>	<u>\$ 65,436</u>	<u>\$ -</u>	<u>\$ (7,144)</u>	<u>\$ 168,281</u>

**This schedule excludes the School Department's non-major special revenue funds.
For details of the School Department's special revenue funds,
the Department's separately issued financial statements.*

Schedule of Ending Account Balance Details

Schedule 5

Capital Projects Fund

As of June 30, 2019

	Assets			Liabilities & Fund Balance	
	Cash	Due From Other Funds	Total Assets	Liabilities	Fund Balance
Plow truck #1	\$ 63,665	\$ -	\$ 63,665	\$ -	\$ 63,665
Plow truck #2	30,937	-	30,937	-	30,937
4x4 backhoe	44,004	-	44,004	-	44,004
Plow truck #3	183,675	-	183,675	-	183,675
Rescue ambulance	71,155	-	71,155	-	71,155
Folly bridge reserve	1,932	-	1,932	-	1,932
Fire engine #2	53,994	-	53,994	-	53,994
Fire engine #3	181,555	-	181,555	-	181,555
Fire engine #4	353,459	-	353,459	-	353,459
Boat	18,265	-	18,265	-	18,265
Revaluation	79,297	-	79,297	-	79,297
Municipal building	18,115	-	18,115	-	18,115
Fire truck tank #1	181,846	-	181,846	-	181,846
Fire truck tank #2	246,851	-	246,851	-	246,851
SCBA	30,338	-	30,338	-	30,338
Town hall parking lot	2,699	-	2,699	-	2,699
Trash compactor	21,614	-	21,614	-	21,614
Transfer station enhancements	7	-	7	-	7
1-ton dump truck	105,633	-	105,633	-	105,633
Public safety building	26,651	-	26,651	-	26,651
Radio repeater	1,438	-	1,438	-	1,438
Land acquisition	74,031	-	74,031	-	74,031
Roll-off truck	31,758	-	31,758	-	31,758
Forestry truck #1	19,054	-	19,054	-	19,054
Public works storage	3,351	-	3,351	-	3,351
Server	4,718	-	4,718	-	4,718
Public works truck	17,069	-	17,069	-	17,069
50 yard	5,036	-	5,036	-	5,036
Cardiac monitor	22,635	-	22,635	-	22,635
Grader	14,727	-	14,727	-	14,727
Roads and equipment	47,281	-	47,281	-	47,281
Excavator	67,730	-	67,730	-	67,730
Emergency generators	9,852	-	9,852	-	9,852
Cascade System	164	-	164	-	164
Public safety building investment	247,765	-	247,765	-	247,765
Total	<u>\$ 2,282,301</u>	<u>\$ -</u>	<u>\$ 2,282,301</u>	<u>\$ -</u>	<u>\$ 2,282,301</u>

Schedule of Changes in Account Balance Details

Schedule 6

Capital Projects Fund

For the Year Ended June 30, 2019

	Beginning Balance	Revenue	Transfers In / (Out)	Expenditures	Ending Balance
Plow truck #1	\$ 49,510	\$ 721	\$ 13,434	\$ -	\$ 63,665
Plow truck #2	13,740	320	16,877	-	30,937
4x4 backhoe	30,523	488	12,993	-	44,004
Plow truck #3	109,165	1,742	72,768	-	183,675
Rescue ambulance	50,838	793	19,524	-	71,155
Folly bridge reserve	1,909	23	-	-	1,932
Fire engine #2	31,598	1,846	20,550	-	53,994
Fire engine #3	162,183	2,119	17,254	-	181,556
Fire engine #4	317,688	4,129	31,640	-	353,457
Boat	15,314	210	2,741	-	18,265
Revaluation	49,818	864	28,615	-	79,297
Municipal building	18,499	226	15,282	(15,892)	18,115
Fire truck tank #1	156,182	2,104	23,560	-	181,846
Fire truck tank #2	209,420	2,848	34,582	-	246,850
SCBA	-	252	30,086	-	30,338
Town hall parking lot	9	24	2,666	-	2,699
Trash compactor	21,352	262	-	-	21,614
Transfer station enhancements	7	-	-	-	7
1-ton dump truck	90,674	1,222	13,737	-	105,633
Public safety building	26,335	318	-	-	26,653
Radio repeater	7,910	2,310	1,018	(9,800)	1,438
Land acquisition	73,147	884	-	-	74,031
Roll-off truck	48,682	647	3,649	(21,220)	31,758
Forestry truck #1	103,353	1,000	26,115	(111,415)	19,053
Public works storage	3,311	40	-	-	3,351
Server	899	45	3,774	-	4,718
Public works truck	14,693	198	2,178	-	17,069
50 yard	3,986	57	993	-	5,036
Cardiac monitor	18,625	259	3,750	-	22,634
Grader	12,475	170	2,082	-	14,727
Roads and equipment	46,716	565	-	-	47,281
Excavator	52,747	768	14,215	-	67,730
Emergency generators	5,240	104	4,513	-	9,857
Cascade System	7,545	151	7,468	(15,000)	164
Public safety building investment	201,756	3,022	77,984	(35,000)	247,762
Town office vault	-	-	-	-	-
Local match for federal grants	555	-	-	(555)	-
Solar array project	-	145,000	-	(145,000)	-
Total	<u>\$ 1,956,404</u>	<u>\$ 175,731</u>	<u>\$ 504,048</u>	<u>\$ (353,882)</u>	<u>\$ 2,282,301</u>

Schedule of Changes in Account Balance Details

Schedule 7

Pooled Cemetery Fund

For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
Pooled Cemetery Funds				
W. Fitch - Route 107	\$ 1,010	13	-	\$ 1,023
E. Martin	1,341	16	-	1,357
N. & J. Chadbourne	505	1	-	506
F. Fitch - Fitch's Store	870	11	-	881
L.P. Fitch	1,470	18	-	1,488
L. Meserve - Poor Cemetery	1,023	12	-	1,035
A. Rose, Herbert, Elise, G. Gray	202	-	(202)	-
Haley Cemetery Trust Fund	8,799	310	-	9,109
	<u>8,799</u>	<u>310</u>	<u>-</u>	<u>9,109</u>
 Totals	 <u>\$ 15,220</u>	 <u>\$ 381</u>	 <u>\$ (202)</u>	 <u>\$ 15,399</u>

Schedule of Expenditures of Federal Awards

Schedule 8

For the Year Ended June 30, 2019

Federal Grantor Program Title	Federal CFDA Number	State Passthrough Number	Expenditures
U.S. Department of Education			
Passed through Maine Department of Education:			
Title I, Part A - Education for the Disadvantaged	84.010	013-05A-3107-13	\$ 35,889
Special Education - Grants to States (Local Entitlement)	84.027	013-05A-3046-12	56,253
Title II, Part A - Improving Teacher Quality	84.367	013-05A-3042-11	500
<i>Total U.S. Department of Education Award Expenditures</i>			<u>92,642</u>
U.S. Department of Agriculture			
Passed through Maine Department of Education:			
National School Lunch Program - Cash Assistance	10.555	013-05A-3022-05	21,616
National School Lunch Program - Commodities	10.555	013-05A-3012-05	2,707
School Breakfast Program	10.553	013-05A-3014-05	7,506
<i>Total U.S. Department of Agriculture Award Expenditures</i>			<u>31,829</u>
Total Expenditures of Federal Awards			<u><u>\$ 124,471</u></u>



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

Board of Selectmen
Town of Sebago, 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 Town of Sebago, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Sebago's basic financial statements, and have issued our report thereon dated March 10, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Berry Talbot Royer". The signature is written in a cursive, flowing style.

Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
March 10, 2020