

# Town of Bridgton



Annual Financial Statements  
For the Year Ended June 30, 2018

Independently Audited By

**Berry · Talbot · Royer**  
CERTIFIED PUBLIC ACCOUNTANTS

## Table of Contents

<b>Independent Auditor’s Report</b> .....	1
<b>Management’s Discussion and Analysis</b> .....	3
<b>Basic Financial Statements</b>	
Statement 1 Statement of Net Position .....	13
Statement 2 Statement of Activities .....	14
Statement 3 Balance Sheet – Governmental Funds .....	16
Statement 4 Reconciliation of the Total Governmental Funds Balance to the Net Position of Governmental Activities.....	17
Statement 5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	18
Statement 6 Reconciliation of the Net Change in Total Governmental Funds Balance to the Change in Net Position of Governmental Activities .....	19
Statement 7 Statement of Net Position – Proprietary Funds .....	20
Statement 8 Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds .....	21
Statement 9 Statement of Cash Flows – Proprietary Funds .....	22
Notes to the Basic Financial Statements .....	23
<b>Required Supplementary Information</b>	
Schedule 1 Budgetary Comparison Schedule – General Fund .....	43
Schedule 2 Schedule of Changes in Net Pension Liability and Related Ratios .....	44
Schedule 3 Schedule of Contributions.....	45
Notes to the Required Supplementary Information.....	46
<b>Other Supplementary Information</b>	
Schedule 4 Schedule of Departmental Operations.....	47
Schedule 5 Combining Balance Sheet – Nonmajor Special Revenue Funds .....	49
Schedule 6 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	50
Schedule 7 Combining Balance Sheet – Nonmajor Capital Projects Funds .....	51
Schedule 8 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds .....	52
Schedule 9 Combining Balance Sheet – Nonmajor Permanent Funds.....	53
Schedule 10 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Permanent Funds.....	54
<b>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></b> .....	55



## Independent Auditor's Report

To the Board of Selectmen and Town Manager  
Town of Bridgton, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bridgton, Maine as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Basis for Qualified Opinion

We were not able to obtain sufficient appropriate audit evidence to support the classifications of certain transactions recorded during the year. As a result, it is likely that the classifications of revenues and expenditures in the General Fund are materially misstated. These misstatements are confined to the General Fund's statement of revenues, expenditures, and changes in fund balance and, therefore, are not considered pervasive to the financial statements as a whole.

## Opinions

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, 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 Bridgton, Maine as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and defined benefit pension plan information on pages 3 – 12 and 43 – 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bridgton, Maine's basic financial statements. Schedules 4 through 10 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Schedules 4 through 10 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 12 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2019, on our consideration of the Town of Bridgton, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bridgton, Maine's internal control over financial reporting and compliance.



Berry Talbot Royer  
Certified Public Accountants  
Falmouth, Maine  
April 1, 2019



# Town of Bridgton

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## Management Discussion and Analysis

The Town of Bridgton (the Town) provides this Management Discussion and Analysis to present additional information to the readers of the Town's basic financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2018. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the Town's basic financial statements, required supplementary information, and other supplementary information.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information that provides budgetary comparisons with actual results. The components of the financial statements are described in the following sections.

#### Basic Financial Statements

The basic financial statements include two types of financial statements that present different views of the Town – the government-wide financial statements and the fund financial statements. The Notes to the Basic Financial Statements supplement the financial statement information and clarify line items that are part of the financial statements.

##### *Government-wide Financial Statements*

The government-wide financial statements provide a broad view of the Town's operations in a manner similar to a private sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists in assessing the Town's economic condition at the end of the fiscal year. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

- The *Statement of Net Position* presents all of the government's assets, liabilities, and deferred inflows of resources, with the difference between total assets and the sum of total liabilities and total deferred inflows of resources reported as total net position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

Both of the above-mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town are:

- *Governmental activities* – The governmental activities are those activities that are mostly supported by taxes and intergovernmental revenues (federal and state grants).
- *Business-type activities* – The business-type activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town include the Sewer Department fund and the Salmon Point Campground fund.

### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide financial statements. The Town maintains only two categories of funds: governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

### Governmental Funds

All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual (i.e., measurable and available to liquidate liabilities of the current period). Expenditures are generally recorded when liabilities are incurred, except for those related to long-term liabilities, which are recorded when due and payable. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

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

The Town presents three columns in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The Town's major governmental funds are the General Fund and the Moose Pond Trust Fund. All non-major governmental funds are combined in the "Other Governmental Funds" column on these statements.

Proprietary Funds

The Town maintains two proprietary funds, the Sewer department fund and the Salmon Point Campground fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

**Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Basis – Budget and Actual – General Fund, a Schedule of Changes in Net Pension Liability and Related Ratios, a Schedule of Contributions, a Schedule of Investment Returns and Notes to Required Supplementary Information.

**Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information regarding nonmajor funds and other detailed budgetary information for the general fund.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's net position totaled \$19.0 million at the end of fiscal year 2018, compared to \$18.2 million at the end of fiscal year 2017.

### Condensed Statement of Net Position As of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets:</b>						
Current assets	\$ 10,716,070	\$ 10,035,271	\$ 843,332	\$ 923,355	\$ 11,559,402	\$ 10,958,626
Noncurrent assets	<u>7,754,415</u>	<u>7,439,737</u>	<u>1,340,915</u>	<u>1,241,674</u>	<u>9,095,330</u>	<u>8,681,411</u>
Total Assets	18,470,485	17,475,008	2,184,247	2,165,029	20,654,732	19,640,037
<b>Deferred Outflows:</b>	2,793	-	-	-	2,793	-
<b>Liabilities:</b>						
Current liabilities	1,223,884	1,129,027	356	1,525	1,224,240	1,130,552
Long-term liabilities	<u>265,692</u>	<u>255,540</u>	<u>-</u>	<u>-</u>	<u>265,692</u>	<u>255,540</u>
Total Liabilities	1,489,576	1,384,567	-	1,525	1,489,932	1,386,092
<b>Deferred Inflows:</b>	<u>159,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,435</u>	<u>-</u>
<b>Net Position</b>						
Net investment in capital assets	7,082,913	6,808,534	1,340,915	1,241,674	8,423,828	8,050,208
Restricted	3,659,095	3,504,420	-	-	3,659,095	3,504,420
Unrestricted	<u>6,082,259</u>	<u>5,712,901</u>	<u>842,976</u>	<u>921,830</u>	<u>6,925,235</u>	<u>6,634,731</u>
Total Net Position	<u>\$ 16,824,267</u>	<u>\$ 16,025,855</u>	<u>\$ 2,183,891</u>	<u>\$ 2,163,504</u>	<u>\$ 19,008,158</u>	<u>\$ 18,189,359</u>

During the year, cash and equivalents increased by about \$700k; all other current assets were relatively unchanged. Also during the year, the Town acquired \$1.15 million in new capital assets and expensed \$780k in depreciation, resulting in an increase to net capital assets of approximately \$370k. The Town's net pension asset also increased by about \$45k.

Significant changes in liabilities was primarily due to a \$106k increase in payables at year end. The balance of payables at year end, though, can fluctuate greatly from year to year depending on the timing of activities near year end. All payables at year end were paid in the subsequent months.

The Town's net position categories did not change significantly from the prior year. Net investment in capital assets increased by about \$374k as a result of the added net capital assets combined with paying down capital-asset related debt. The restricted net position increased by just over \$150k – this is the portion of net position that is restricted in its use by grantors, donors, or operation of law. The Town's total unrestricted net position increased by just under \$300k.



Condensed Statement of Activities  
For the Years Ended June 30, 2018 and 2017

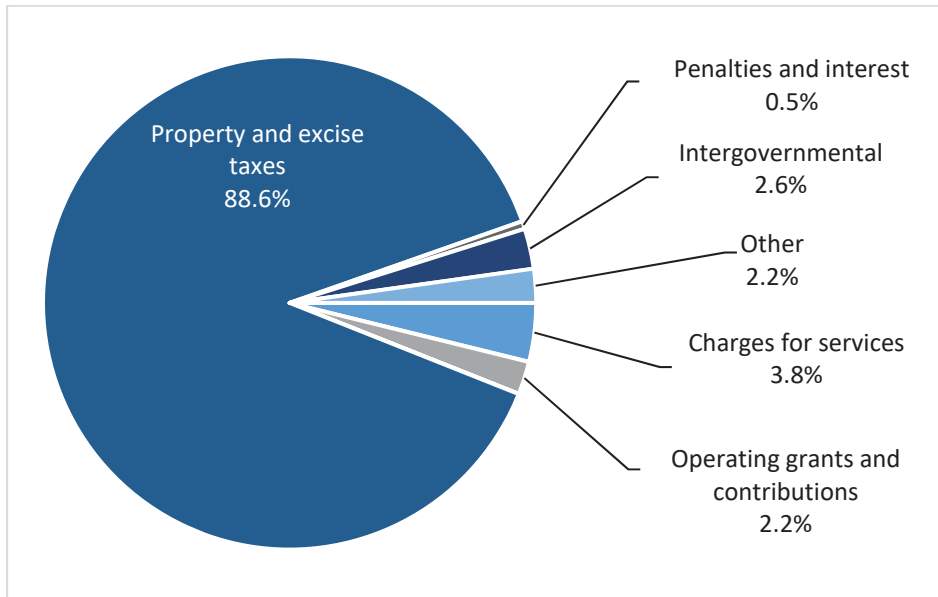
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 421,560	\$ 350,616	\$ 271,121	\$ 265,722	\$ 692,681	\$ 616,338
Operating grants and contributions	392,264	295,304	-	-	392,264	295,304
Capital grants and contributions	-	-	-	28,000	-	28,000
General Revenues:						
Property and excise taxes	15,966,995	15,410,360	-	-	15,966,995	15,410,360
Penalties and interest	92,111	103,954	-	-	92,111	103,954
Intergovernmental	476,080	426,659	-	-	476,080	426,659
Other	400,853	470,786	-	-	400,853	470,786
<b>Total Revenues</b>	<u>17,749,863</u>	<u>17,057,679</u>	<u>271,121</u>	<u>293,722</u>	<u>18,020,984</u>	<u>17,351,401</u>
<b>Expenses</b>						
General government	2,123,636	2,068,663	-	-	2,123,636	2,068,663
Public safety	1,491,424	1,430,790	-	-	1,491,424	1,430,790
Public works	1,652,113	2,045,532	-	-	1,652,113	2,045,532
Stipends	10,200	10,886	-	-	10,200	10,886
Capital expenditures	719,109	8,710	-	-	719,109	8,710
Outside agencies	204,973	220,577	-	-	204,973	220,577
Outside services	49,889	67,863	-	-	49,889	67,863
Fixed charges and assessments	10,700,107	10,442,160	-	-	10,700,107	10,442,160
Sewer department	-	-	101,916	95,921	101,916	95,921
Salmon Point Campground	-	-	148,818	78,884	148,818	78,884
<b>Total Expenses</b>	<u>16,951,451</u>	<u>16,295,181</u>	<u>250,734</u>	<u>174,805</u>	<u>17,202,185</u>	<u>16,469,986</u>
<b>Transfers</b>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	798,412	792,498	20,387	88,917	818,799	881,415
Beginning Net Position	<u>16,025,855</u>	<u>15,233,357</u>	<u>2,163,504</u>	<u>2,074,587</u>	<u>18,189,359</u>	<u>17,307,944</u>
Ending Net Position	<u>\$ 16,824,267</u>	<u>\$ 16,025,855</u>	<u>\$ 2,183,891</u>	<u>\$ 2,163,504</u>	<u>\$ 19,008,158</u>	<u>\$ 18,189,359</u>

Overall, total revenues were up in fiscal year 2018 compared to fiscal year 2017 by \$669,583, or 3.9%. Most of this increase (\$556,635 of it) was in property and excise taxes. Total expenses were up by \$732,199, or 4.4%. Overall, the Town's change in total net position was \$818,799 for the year, compared to 2017's increase in net position of \$881,415.

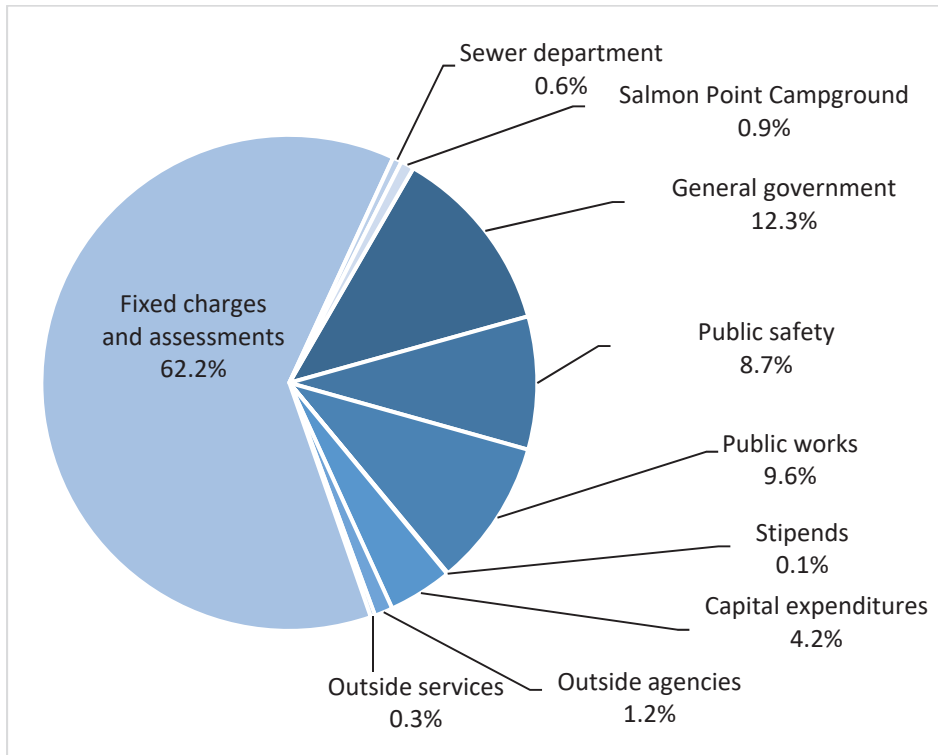
Chart A on the following page shows the relative sizes of revenues based on their source. The largest source of revenues is, of course, taxes at 89%, followed by charges for services at 3.8%.

Chart B on the following page shows the relative sizes of expenses based on the program. Fixed charges, which includes education, county tax, and debt interest, takes up the largest share of expenses at 62.2%. General government and public works each consume the next largest amount of expenses, at just under 12.3% and 9.6%, respectively.

**Chart A**  
Revenues by Source



**Chart B**  
Expenses by Program



## Analysis of the Town's Governmental Funds

As noted earlier, the Town of Bridgton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town's governmental funds is on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the fiscal year.

### General Fund

The General Fund's net change in fund balance for the year was an increase of \$366,040, a decrease from fiscal year 2017's increase of \$492,376. Also, even though the total surplus was \$366,040, the unassigned fund balance increased by \$368,974. This is because other fund balance components decreased during the year.

The General Fund's nonspendable fund balance represents the balance of its tax acquired properties, which decreased during the year by \$1,243.

The General Fund's restricted fund balance represents the balance of all grants, donations, and other externally restricted funds to be used by the Town for specific purposes. During the year, the net of activity of these items increased the balance by \$11,812.

The General Fund's assigned fund balance represents the balance of unexpended appropriated funds being carried forward to the next fiscal year. These carried forward amounts increase total budgeted expenditures in the following year. Fiscal year 2017's carry forwards to 2018 totaled \$415,367; fiscal year 2018's carry forwards to 2019 totaled \$401,964. This produced a decrease in the assigned fund balance of \$13,503.

The General Fund's unassigned fund balance ended the fiscal year at \$4,358,300, which represents approximately 25.5% of the fiscal year 2019's budgeted expenditures. This balance is just outside the Town's target range of 20% - 25%.

### Moose Pond Trust

The Moose Pond Trust Fund's net change in fund balance for the year was an increase of \$4,463. Investment earnings were slightly greater than investment fees and the budgeted transfer out to the general fund. The \$61,309 transfer out was to reimburse the General Fund for debt retirement, parks, and Pondicherry Park expenditures.

### Other Governmental Funds

All other governmental funds are composed of nonmajor special revenue funds, capital projects funds, and permanent funds. Total nonmajor special revenue funds' balances increased by \$50,494, total nonmajor capital projects funds' balances increased by \$99,400, and total nonmajor permanent funds' balances increased by \$19,473. The fund balances of special revenue funds simply represent unexpended grant and other specially designated funds. The fund balances of capital projects funds represent expended bond funds issued for capital improvement projects. The fund balances of permanent funds represent funds endowed to the Town for specified uses. In fiscal year 2017, the combined change in fund balances for other governmental funds was a decrease of \$28,808.

## General Fund Budgetary Highlights

The municipal budget approves appropriations for the General Fund. The original budget, as adopted by the Town on June 14, 2017, budgeted a deficit of \$125,000 that was to be covered through the use of fund balance.

The final budget, which includes authorized changes to the budget after the beginning of the fiscal year, budgeted a deficit of \$695,768.

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

- A clerical error in calculating the total property taxes to be committed resulted in a reduction of committed revenues by \$160,252.
- The homestead exemption and BETE reimbursement were adjusted upward by \$71,682 based on data used on the date of commitment, increasing estimated revenues.
- Overlay for tax abatements was calculated on the date of commitment totaling \$66,830, increasing budgeted expenditures.
- Fiscal year 2017 carry forwards were approved totaling \$415,367, increasing budgeted expenditures.

Despite the final budgeted deficit of \$695,768, actual results were that a surplus of \$366,040 was realized. This surplus was a result of revenues coming in over estimates by a total of \$342,950, expenditures coming in under budget by a total of \$747,701, and other financing uses coming in above estimates by \$28,843.

Budget categories that came in above budgeted expenditures were outside services by \$2,000 due to payments to Family Crisis Services, fixed charges and assessments by \$6,853 due to a non-cash charge of \$121,998 for bad debts and transfers out by \$87,053 as a result of unexpended appropriations being transferred to capital projects funds.

### Capital Assets and Long-term Debt Activity

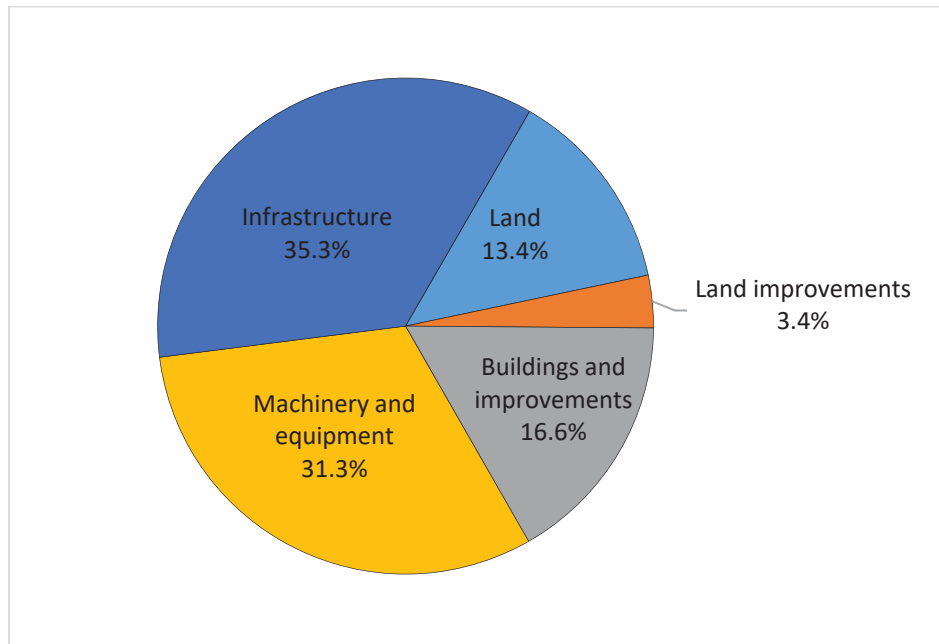
#### Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town increased by \$368,578 from the prior year. The increase was the result of capital additions of \$1,149,073, less current year depreciation of \$780,495.

Capital Assets Net Book Value Comparisons  
As of June 30, 2018 and 2017

	2018	2017	\$ Change	% Change
Land	\$ 1,161,667	\$ 1,161,667	\$ -	0.0%
Land improvements	297,569	234,491	63,078	26.9%
Buildings and improvements	1,443,579	1,447,543	(3,964)	-0.3%
Machinery and equipment	2,716,710	2,720,513	(3,803)	-0.1%
Infrastructure	3,071,460	2,758,193	313,267	11.4%
Totals	<u>\$ 8,690,985</u>	<u>\$ 8,322,407</u>	<u>\$ 368,578</u>	4.4%

The chart below shows the composition of capital assets by class, and their relative size to others. Infrastructure is the largest class of capital assets, making up 35.3% of total capital assets. The next largest asset class is machinery and equipment, at 31.3%.



#### Long-term Debt

At the end of the fiscal year, the Town had \$75,000 in general obligation bonds, a decrease of \$75,000 from the prior year. It also had lease obligations totaling \$192,157, an increase of \$69,956. And, the Town’s accrued compensated absences balance was \$138,288, an increase of \$41,999.

## Currently Known Facts, Decisions, or Conditions

### Personnel Changes

The Community Development Director position still remains vacant and the Fire Chief will be retiring as of May 2, 2019. The FY2020 proposed budget includes additional staffing; an account clerk for the Finance Office, a recreation department programmer for the Recreation Department, and (2) two additional lifeguards.

### Economic changes

Hannaford's expansion is 85-90% complete and they are looking to add an additional 50 (+) employees to their workforce.

### Infrastructure Improvements

The ice rink located behind the Town Hall received a complete overhaul to include new support walls and concrete piers, repairs to the roof and reinsulated, rebuilt the walkway, installed new light fixtures, and the warming room was improved with vinyl cedar siding. The Town held an open house celebration on February 15, 2019.

The Town is presently in the midst of (3) three extensive projects; Lower Main Street, Streetscape, and an expansion to our Wastewater system. We were awarded funds from Rural Development for the Wastewater expansion and were approved for funding from the Maine Municipal Bond Bank for the other (2) two projects.

Harmon Field will be seeing improvements in the coming months with a new Snack Shack and unisex restroom which is exciting for our Spring event sports enthusiasts.

### Budget

The proposed budget for FY2020 is complete after a thorough and comprehensive review with the Town Manager, Deputy Town Manager, Finance Officer, Department Heads, and Board of Selectmen. We will be presenting a fiscally responsible budget (less than a 1% increase) to the taxpayers at the annual Town Meeting in June. The Town continues to have a "healthy" fund balance which allows the use of to minimize the burden to the taxpayers

## Requests for Information

This financial report is designed to provide a general overview of the Town of Bridgton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Charisse Keach  
Financial Officer  
Town of Bridgton  
3 Chase Street, Suite 1  
Bridgton, ME 04009  
[finofficer@bridgtonmaine.org](mailto:finofficer@bridgtonmaine.org)

## Statement of Net Position

Statement 1

As of June 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 7,057,404	\$ -	\$ 7,057,404
Investments	2,784,087	-	2,784,087
Taxes receivable, net of allowance	546,213	-	546,213
Liens receivable	194,517	-	194,517
Other receivables	120,956	11,955	132,911
Tax acquired property	12,893	-	12,893
Due from other funds	-	831,377	831,377
Total current assets	<u>10,716,070</u>	<u>843,332</u>	<u>11,559,402</u>
Land	499,773	661,894	1,161,667
Depreciable capital assets, net	6,850,297	679,021	7,529,318
Net pension asset	404,345	-	404,345
Total noncurrent assets	<u>7,754,415</u>	<u>1,340,915</u>	<u>9,095,330</u>
<b>Total Assets</b>	<u>18,470,485</u>	<u>2,184,247</u>	<u>20,654,732</u>
<b>Deferred Outflows of Resources</b>			
Related to pensions	2,793	-	2,793
<b>Liabilities</b>			
Accounts payable	224,620	-	224,620
Accrued wages	17,524	356	17,880
Escrows	10,610	-	10,610
Due to other funds	831,377	-	831,377
Current portion of long-term debt	139,753	-	139,753
Total current liabilities	<u>1,223,884</u>	<u>356</u>	<u>1,224,240</u>
Long-term debt, net of current portion	127,404	-	127,404
Compensated absences	138,288	-	138,288
Total noncurrent liabilities	<u>265,692</u>	<u>-</u>	<u>265,692</u>
<b>Total Liabilities</b>	<u>1,489,576</u>	<u>356</u>	<u>1,489,932</u>
<b>Deferred Inflows of Resources</b>			
Taxes collected in advance	137,716	-	137,716
Related to pensions	21,719	-	21,719
<b>Total Deferred Inflows of Resources</b>	<u>159,435</u>	<u>-</u>	<u>159,435</u>
<b>Net Position</b>			
Net investment in capital assets	7,082,913	1,340,915	8,423,828
Restricted	3,659,095	-	3,659,095
Unrestricted	6,082,259	842,976	6,925,235
<b>Total Net Position</b>	<u>\$ 16,824,267</u>	<u>\$ 2,183,891</u>	<u>\$ 19,008,158</u>

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

## Statement of Activities

Statement 2

For the Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 2,123,636	\$ 260,386	\$ 287,308	\$ -
Public safety	1,491,424	175	-	-
Public works	1,652,113	160,999	-	-
Stipends	10,200	-	-	-
Capital expenditures	719,109	-	104,956	-
Outside agencies	204,973	-	-	-
Outside services	49,889	-	-	-
Fixed charges and assessments	<u>10,700,107</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	16,951,451	421,560	392,264	-
Business-type Activities				
Sewer Department	101,916	107,303	-	-
Salmon Point Campground	<u>148,818</u>	<u>163,818</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>250,734</u>	<u>271,121</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 17,202,185</u>	<u>\$ 692,681</u>	<u>\$ 392,264</u>	<u>\$ -</u>



## Statement of Activities

Statement 2 (Continued)

For the Year Ended June 30, 2018

Functions / Programs	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>			
Governmental Activities			
General government	\$ (1,575,942)	\$ -	\$ (1,575,942)
Public safety	(1,491,249)	-	(1,491,249)
Public works	(1,491,114)	-	(1,491,114)
Stipends	(10,200)	-	(10,200)
Capital expenditures	(614,153)	-	(614,153)
Outside agencies	(204,973)	-	(204,973)
Outside services	(49,889)	-	(49,889)
Fixed charges and assessments	<u>(10,700,107)</u>	<u>-</u>	<u>(10,700,107)</u>
Total Governmental Activities	(16,137,627)	-	(16,137,627)
Business-type Activities			
Sewer Department	-	5,387	5,387
Salmon Point Campground	-	<u>15,000</u>	<u>15,000</u>
Total Business-type Activities	<u>-</u>	<u>20,387</u>	<u>20,387</u>
Net Functions / Programs (Expenses) Revenues	(16,137,627)	20,387	(16,117,240)
General Revenues and Transfers			
Property taxes	14,940,572	-	14,940,572
Excise taxes	1,026,423	-	1,026,423
Penalties and interest	92,111	-	92,111
Intergovernmental	476,080	-	476,080
Other	<u>400,853</u>	<u>-</u>	<u>400,853</u>
Total General Revenues	<u>16,936,039</u>	<u>-</u>	<u>16,936,039</u>
<b>Change in Net Position</b>	798,412	20,387	818,799
<b>Beginning Net Position, restated</b>	<u>16,025,855</u>	<u>2,163,504</u>	<u>18,189,359</u>
<b>Ending Net Position</b>	<u>\$ 16,824,267</u>	<u>\$ 2,183,891</u>	<u>\$ 19,008,158</u>

**Balance Sheet**  
**Governmental Funds**  
 As of June 30, 2018

Statement 3

	General Fund	Moose Pond Trust	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 6,875,989	\$ 92,912	\$ 88,503	\$ 7,057,404
Investments	-	1,516,135	1,267,952	2,784,087
Accounts receivable	4,953	-	27,003	31,956
Taxes receivable, net of allowance	546,213	-	-	546,213
Liens receivable	194,517	-	-	194,517
Interest and costs receivable	89,000	-	-	89,000
Tax acquired property	12,893	-	-	12,893
Due from other funds	47,158	-	1,188,267	1,235,425
<b>Total Assets</b>	<b><u>\$ 7,770,723</u></b>	<b><u>\$ 1,609,047</u></b>	<b><u>\$ 2,571,725</u></b>	<b><u>\$ 11,951,495</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 224,620	\$ -	\$ -	\$ 224,620
Accrued wages	17,524	-	-	17,524
Other liabilities	-	-	10,610	10,610
Due to other funds	2,019,644	2,009	45,149	2,066,802
Total liabilities	2,261,788	2,009	55,759	2,319,556
<b>Deferred Inflows of Resources</b>				
Taxes collected in advance	137,716	-	-	137,716
Unavailable property taxes	545,000	-	-	545,000
Total deferred inflows of resources	682,716	-	-	682,716
<b>Fund Balances</b>				
Nonspendable	12,893	-	-	12,893
Restricted	53,162	1,607,038	1,998,895	3,659,095
Committed	-	-	517,071	517,071
Assigned	401,864	-	-	401,864
Unassigned	4,358,300	-	-	4,358,300
Total fund balances	4,826,219	1,607,038	2,515,966	8,949,223
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 7,770,723</u></b>	<b><u>\$ 1,609,047</u></b>	<b><u>\$ 2,571,725</u></b>	<b><u>\$ 11,951,495</u></b>

**Reconciliation of the Total Governmental Funds Balance** Statement 4  
**To the Net Position of Governmental Activities**

As of June 30, 2018

<b>Total governmental funds balance, per Statement 3</b>	\$ 8,949,223
<p>Capital assets are not financial resources and, therefore, are not reported in the governmental funds. They are, however, economic resources of governmental activities and are reported in the Statement of Net Position.</p>	
Net capital assets	7,350,070
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. They are, however, economic liabilities of governmental activities and are reported in the Statement of Net Position.</p>	
Long-term debt	(75,000)
Capital leases	(192,157)
Accrued compensated absences payable	(138,288)
<p>Net pension assets reported in the Statement of Net Position are not current financial resources, and therefore, are not reported in the governmental funds.</p>	
Net pension asset	404,345
<p>Deferred outflows and inflows of resources related to pensions are not current financial resources nor are they available to pay current period expenditures, and therefore, they are not reported in the governmental funds.</p>	
Deferred outflows of resources related to pensions	2,793
Deferred inflows of resources related to pensions	(21,719)
<p>Taxes that are not expected to be collected within 60 days of the end of the fiscal year and not considered financial resources and, therefore, are excluded from the governmental fund balances. They are, however, considered economic resources of governmental activities and, therefore, are included in the net position.</p>	
Unavailable property taxes	<u>545,000</u>
<b>Net position of governmental activities, per Statement 1</b>	<u>\$ 16,824,267</u>

Statement 5

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
 For the Year Ended June 30, 2018

	General Fund	Moose Pond Trust	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 15,988,968	\$ -	\$ -	\$ 15,988,968
Licenses and permits	141,978	-	647	142,625
Intergovernmental	581,036	-	284,196	865,232
Charges for services	412,830	-	8,730	421,560
Penalties and interest	92,111	-	-	92,111
Investment earnings	57,359	71,557	64,432	193,348
Other revenues	17,817	-	11,707	29,524
Total revenues	<u>17,292,099</u>	<u>71,557</u>	<u>369,712</u>	<u>17,733,368</u>
<b>Expenditures</b>				
General government	1,933,345	5,785	273,228	2,212,358
Public safety	1,375,472	-	49,363	1,424,835
Public works	1,738,763	-	96,734	1,835,497
Stipends	10,200	-	-	10,200
Capital expenditures	719,109	-	-	719,109
Outside agencies	204,973	-	-	204,973
Outside services	49,889	-	-	49,889
Fixed charges and assessments	10,775,107	-	-	10,775,107
Total expenditures	<u>16,806,858</u>	<u>5,785</u>	<u>419,325</u>	<u>17,231,968</u>
<b>Revenue Surplus (Deficit)</b>	485,241	65,772	(49,613)	501,400
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	27,563	-	10,907	38,470
Transfers in	137,859	-	284,623	422,482
Transfers out	<u>(284,623)</u>	<u>(61,309)</u>	<u>(76,550)</u>	<u>(422,482)</u>
Total other financing sources (uses)	<u>(119,201)</u>	<u>(61,309)</u>	<u>218,980</u>	<u>38,470</u>
<b>Net Change in Fund Balances</b>	366,040	4,463	169,367	539,870
<b>Beginning Fund Balance</b>	<u>4,460,179</u>	<u>1,602,575</u>	<u>2,346,599</u>	<u>8,409,353</u>
<b>Ending Fund Balance</b>	<u>\$ 4,826,219</u>	<u>\$ 1,607,038</u>	<u>\$ 2,515,966</u>	<u>\$ 8,949,223</u>

<b>Reconciliation of the Net Change in Total Governmental Fund Balances to the Change in Net Position of Governmental Activities</b>	Statement 6
For the Year Ended June 30, 2018	
<b>Net change in the total governmental funds balance, per Statement 5</b>	\$ 539,870
<p>Repayment of bond and capital lease payments are reported as expenditures in the governmental funds, but are not reported as expenses of governmental activities. Instead, they are reported as reductions in long-term debt in the Statement of Net Position.</p>	
Bond payments	75,000
Capital lease payments	67,460
<p>Capital assets acquired during the year are reported as expenditures in the governmental funds, but are not reported as expenses of governmental activities. Instead, they are reported as increases in capital assets in the Statement of Net Position.</p>	
Capital asset acquisitions	859,855
<p>Taxes not collected within sixty days after year end are not considered available financial resources and, therefore, not reported as revenue in the governmental funds. However, they are reported as revenue in the Statement of Activities.</p>	
Change in unavailable property taxes	(21,973)
<p>Certain expenses and expense adjustments reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Depreciation expense	(727,935)
Changes in pension-related accounts	48,134
Change in accrued compensated absences	<u>(41,999)</u>
<b>Change in Net Position of Governmental Activities, per Statement 2</b>	<u>\$ 798,412</u>

## Statement of Net Position

Statement 7

## Proprietary Funds

As of June 30, 2018

	Enterprise Funds		Total
	Sewer Department	Salmon Point Campground	
<b>Assets</b>			
Accounts receivable	\$ 11,955	\$ -	\$ 11,955
Due from other funds	545,060	286,317	831,377
Total current assets	557,015	286,317	843,332
Land	11,894	650,000	661,894
Depreciable capital assets	771,704	201,241	972,945
Accumulated depreciation	(210,133)	(83,791)	(293,924)
Net capital assets	573,465	767,450	1,340,915
<b>Total Assets</b>	1,130,480	1,053,767	2,184,247
<b>Liabilities</b>			
Accrued wages	-	356	356
<b>Net Position</b>			
Net investment in capital assets	573,465	767,450	1,340,915
Unrestricted	557,015	285,961	842,976
<b>Total Net Position</b>	<u>\$ 1,130,480</u>	<u>\$ 1,053,411</u>	<u>\$ 2,183,891</u>

**Statement of Revenues, Expenses, and Change in Net Position**

Statement 8

## Proprietary Funds

For the Year Ended June 30, 2018

	Enterprise Funds		Total
	Sewer Department	Salmon Point Campground	
<b>Operating Revenues</b>			
Charges for services	\$ 107,303	\$ 163,818	\$ 271,121
<b>Operating Expenses</b>			
Payroll	26,932	87,539	114,471
Maintenance and repairs	31,052	13,708	44,760
Operational costs	16,184	22,759	38,943
Depreciation	27,748	24,812	52,560
Total Operating Expenses	<u>101,916</u>	<u>148,818</u>	<u>250,734</u>
<b>Change in Net Position</b>	5,387	15,000	20,387
<b>Beginning Net Position (restated)</b>	<u>1,125,093</u>	<u>1,038,411</u>	<u>2,163,504</u>
<b>Ending Net Position</b>	<u>\$ 1,130,480</u>	<u>\$ 1,053,411</u>	<u>\$ 2,183,891</u>

## Statement of Cash Flows

Statement 9

## Proprietary Funds

For the Year Ended June 30, 2018

	Enterprise Funds		Total
	Sewer Department	Salmon Point Campground	
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 145,064	\$ 162,515	\$ 307,579
Payments to suppliers	(47,236)	(36,467)	(83,703)
Payments to employees	(26,932)	(87,405)	(114,337)
Net cash provided by operating activities	70,896	38,643	109,539
<b>Cash Flows from Capital Financing Activities</b>			
Acquisition and construction of capital assets	(98,590)	(53,212)	(151,802)
<b>Net Change in Cash (Due from General Fund)</b>	(27,694)	(14,569)	(42,263)
<b>Beginning Cash (Due from General Fund)</b>	572,754	300,886	873,640
<b>Ending Cash (Due from General Fund)</b>	\$ 545,060	\$ 286,317	\$ 831,377

## Reconciliation of Operating Income to Net Cash Provided by Operating Activities

	Sewer Department	Salmon Point Campground	Total
<b>Operating Income</b>	\$ 5,387	\$ 15,000	\$ 20,387
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	27,748	24,812	52,560
Changes in operating assets and liabilities:			
Accounts receivable	37,761	-	37,761
Accounts payable	-	(1,303)	(1,303)
Accrued wages	-	134	134
<b>Net Cash Provided by Operating Activities</b>	\$ 70,896	\$ 38,643	\$ 109,539



## Note 1 Summary of Significant Accounting Policies

### The Reporting Entity

The Town of Bridgton was incorporated in 1794 under the laws of the State of Maine. The Town is located in Cumberland County and operates under a Town Manager/Town Meeting/Board of Selectmen form of government.

The financial statements of the Town of Bridgton conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

### Principles Determining Scope of Reporting Entity

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

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

### Basis of Presentation

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

#### *Government-Wide Financial Statements*

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

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

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

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

The Town currently uses two categories of funds: governmental funds and proprietary funds. Separate financial statements are provided for governmental funds and proprietary funds.

*Governmental Funds*

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

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

*Special Revenue Funds* are used to account for the proceeds of specific sources that are legally restricted to expenditures for specified purposes. None of the Special Revenue funds are considered a major fund in the current year.

The *Capital Project Funds* is used to account for financial resources to be used for the acquisition or construction of major capital assets that are primarily financed through bond issues. None of the Capital Project funds is considered a major fund in the current year.

*Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the town or its citizenry. The Moose Pond Trust fund is considered to be a major fund in the current year.

*Proprietary Funds*

Proprietary funds are identified as either enterprise or internal service funds based on specific criteria. Proprietary funds are used to account for the Town's ongoing activities, which are similar to those often found in the private sector. The focus is on the flow of economic resources. The following proprietary fund types are by the Town.

*Enterprise Funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises. Thus, the intent of the governing body is to provide goods and services to the general public on a continuing basis, the costs of which are to be financed or recovered primarily through user charges (program revenues) Additionally, the governing body makes periodic determinations of whether revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. The Town's two enterprise funds are the Sewer Department and Salmon Point Campground funds. Both are considered major funds.

## 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.

## Note 1 Summary of Significant Accounting Policies (Continued)

### Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. Maine statutes authorize investments in obligations of the U. S. Treasury and U. S. Agencies, and repurchase agreements.

### Receivables

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

### Capital Assets

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation. The Town defines capital assets as those with an initial, individual cost of \$5,000 or more with an estimated useful life in excess of two years. Expenditures that significantly increase the service capacity or extend the useful life of existing capital assets are also capitalized. The costs of normal maintenance and repairs are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. The estimated useful lives are as follows:

Buildings and Improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and Equipment	5 - 30 years
Vehicles	5 - 30 years

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

### Deferred Outflows / Inflows of Resources

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

## Note 1 Summary of Significant Accounting Policies (Continued)

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

### Compensated Absences

In the government-wide financial statements, liabilities that are attributable to services already rendered are accrued as employees earn the rights to the benefits and are recognized in the period incurred. In the governmental fund financial statements, compensated absences are recognized as related payments come due each period. Pursuant to the terms of the personnel policies, vacation time and sick time are granted in varying amounts according to length of service. As of June 30, 2018, the accrual for compensated absences was determined to be \$138,288.

### Long-Term Obligations

Long-term debt is recognized as a liability in a governmental fund when due. For long-term obligations, only that portion expected to be financed from expendable financial resources is reported as a fund liability of a governmental fund. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

### Components of Net Position

Net position in the Statement of Net Position is required to be classified into the following three components:

*Net Investment in Capital Assets* is the portion of net position that consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

	Governmental Activities	Business-type Activities
Capital assets	\$ 12,532,164	\$ 1,634,839
Accumulated depreciation	(5,182,094)	(293,924)
Bonds payable	(75,000)	-
Capital lease payable	(192,157)	-
Net investment in capital assets	<u>\$ 7,082,913</u>	<u>\$ 1,340,915</u>

*Restricted* is the portion of net position that has constraints placed on its use which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* is the portion of net position that does not meet the definition of either *net investment in capital assets* or *restricted*.

## Note 1 Summary of Significant Accounting Policies (Continued)

### Fund Balance Components

Fund balances in the governmental funds Balance Sheet is required to be classified into five components. Classifications are hierarchical and are based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The components of fund balance are:

*Nonspendable* is the portion of fund balance that represents amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

*Restricted* is the portion of fund balance that has externally enforceable legal restrictions.

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

*Assigned* is the portion of fund balance constrained by the town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Selectmen have the authority to assign amounts to be used for specific purposes.

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

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

### Use of Estimates

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

## Note 2 Cash

### Custodial Credit Risk

Custodial credit risk for 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 or investments that are in the possession of an outside party.

The Town currently does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC, and the Town has an additional municipal deposit collateralization agreement.

At June 30, 2018, the Town had a cash balance of \$7,044,278. Of this cash balance, \$284,426 was insured by the federal depository insurance (FDIC), \$6,594,632 was insured by a municipal deposit collateralization agreement. The remaining deposits of \$165,220 were uninsured and uncollateralized.

**Note 3 Investments**

At June 30, 2018, the Town had the following investments and maturities:

Investment Type	Fair Value	Maturities		
		< 1 Year	1 - 5 Years	> 5 Years
Debit securities:				
Corporate bonds	\$ 240,121	\$ -	\$ 201,184	\$ 38,937
Government bonds	58,379	-	9,805	48,574
Equity securities:				
ETFs - domestic	477,491			
ETFs - foreign	318,526			
ETFs - fixed income	573,854			
Common stock	1,040,509			
Preferred stock	17,874			
Foreign stock	57,334			
Totals	<u>\$ 2,784,088</u>	<u>\$ -</u>	<u>\$ 210,989</u>	<u>\$ 87,511</u>

**Interest Rate Risk**

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

**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities and Federal agency securities) that represent 5% or more of total investments are as follows:

	% of Total	Fair Value
iShares Investment Grade Corporate Bonds ETF	8.81%	\$ 245,180
Vanguard Intermediate Term Corporate Bonds ETF	10.12%	\$ 281,880

**Custodial Credit Risk**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

The Town's investments in U.S. Government and agencies are subject to custodial credit risk exposure because the related securities are uninsured, unregistered and/or held by the Town's brokerage firm, which is also the counterparty to these securities.

**Credit Risk**

Under Maine statute, municipalities may invest in corporate bonds and other obligations of any U.S. or Canadian corporation, provided that the securities are rated within the three highest grades by any rating service approved by the Superintendent of Financial institutions are payable in U.S. funds. At June 30, 2018, the Town's investments in corporate securities were in compliance with this statute.

**Note 3 Investments (Continued)****Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*.

The Town has the following fair value measurements as of June 30, 2018.

Investments by fair value level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Debit securities:				
Corporate bonds	\$ 240,121	\$ -	\$ 240,121	\$ -
Government bonds	58,379	-	58,379	-
Equity securities:				
ETFs - domestic	477,491	477,491	-	-
ETFs - foreign	318,526	318,526	-	-
ETFs - fixed income	573,854	573,854	-	-
Common stock	1,040,509	1,040,509	-	-
Preferred stock	17,874	17,874	-	-
Foreign stock	57,334	57,334	-	-
Totals	<u>\$ 2,784,088</u>	<u>\$ 2,485,588</u>	<u>\$ 298,500</u>	<u>\$ -</u>

Equity securities are classified in Level I are valued using prices quoted in active markets for those securities.

Corporate bonds classified in Level II are valued using standard inputs consisting of publicly reliable sources or using a matrix pricing technique.

**Note 4 Property Tax**

The Town's property taxes for the July 1, 2017 to June 30, 2018 fiscal year were committed on July 11, 2017. Taxes were due in four installments on August 15, 2017, November 15, 2017, February 15, 2018, and May 15, 2018. The tax commitment was based on the April 1, 2017 assessed real estate and personal property values totaling \$975,985,445.

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 \$66,830 for the year ended June 30, 2018.

For both government-wide financial statements and the General Fund's financial statements, property taxes levied for the fiscal year are recorded as receivables at the time the levy is made. In the General Fund's financial statements, however, outstanding taxes receivable that are estimated to be collected after sixty (60) days after the end of the fiscal year recorded as unavailable property taxes (under the *deferred inflows of resources* financial statement element) and the year-over-year changes in this account are netted with tax revenues.



**Note 4 Property Tax (Continued)**

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

The following summarizes the tax levy for fiscal year 2018:

Real estate valuation	\$ 959,720,848
Personal property valuation	<u>16,264,597</u>
Total valuation	975,985,445
Mil rate (per \$1,000 of valuation)	<u>15.30</u>
Tax commitment	<u>\$ 14,932,577</u>

Collection of fiscal year 2018 taxes levied is as follows:

Original tax commitment	\$ 14,932,577
Supplemental taxes	<u>7,994</u>
Total tax commitment	<u>14,940,571</u>
Less:	
Abatements of current year taxes	9,880
Current year taxes receivable at year end	<u>574,542</u>
Current year tax collections	<u>\$ 14,356,149</u>
Collection rate of current year taxes	96.2%

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

Individual interfund receivable and payable balances at June 30, 2018 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 47,158	2,019,644
Moose Pond Trust	-	2,009
Other Governmental Funds	1,188,267	45,149
Sewer Department	545,060	-
Salmon Point Campground	<u>286,317</u>	<u>-</u>
Totals	<u>\$ 2,066,802</u>	<u>\$ 2,066,802</u>

The interfund receivables and payables represent revenues received in and expenditures made out of a centralized checking account maintained in the general Fund. The general fund's *due to other funds* balance represents the amount in the centralized checking account that belongs to other funds and is not available for general fund purposes.

**Interfund Transfers**

Interfund transfers for the year ended June 30, 2018 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 137,859	\$ 284,623
Moose Pond Trust	-	61,309
Other Governmental Funds	<u>284,623</u>	<u>76,550</u>
Totals	<u>\$ 422,482</u>	<u>\$ 422,482</u>

Transfers consist of an \$85,000 budgeted transfer from the General Fund to fund various capital reserves, additional transfers at year end from the General Fund to various capital reserves totaling \$87,053 sourced from unexpended appropriations, a \$112,570 transfer from the General Fund to the Route 302 TIF Fund, a \$30,000 transfer from the Route 302 TIF Fund to the General Fund to cover expenditures, , a budgeted \$61,309 transfer from the Moose Pond Trust Fund to the General Fund, a budgeted \$45,903 transfer from the Bridgton Trust Fund to the General Fund, and \$647 in transfers from the Planning Board Fund to the General Fund to cover development-related expenditures.

**Note 6 Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2018 was:

<b>Governmental Activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Non-depreciable Capital Assets:				
Land	\$ 499,773	\$ -	\$ -	\$ 499,773
Depreciable Capital Assets:				
Land improvements	257,663	72,076	-	329,739
Buildings and improvements	2,666,390	123,513	-	2,789,903
Machinery and equipment	5,273,952	322,660	(31,712)	5,564,900
Infrastructure	<u>2,868,827</u>	<u>479,022</u>	<u>-</u>	<u>3,347,849</u>
Total capital assets	11,566,605	997,271	(31,712)	12,532,164
Less: Accumulated Depreciation:				
Land improvements	103,065	13,610	-	116,675
Buildings and improvements	1,226,547	127,127	-	1,353,674
Machinery and equipment	2,554,895	399,191	(31,712)	2,922,374
Infrastructure	<u>601,364</u>	<u>188,007</u>	<u>-</u>	<u>789,371</u>
Total accumulated depreciation	<u>4,485,871</u>	<u>727,935</u>	<u>(31,712)</u>	<u>5,182,094</u>
Net capital assets	<u>\$ 7,080,734</u>	<u>\$ 269,336</u>	<u>\$ -</u>	<u>\$ 7,350,070</u>

Depreciation expense for governmental activities for the year totaled \$727,935, and was allocated to the functional categories as follows:

General government	\$ 116,871
Public safety	154,256
Public works	418,826
Culture and Recreation	21,570
Health and Sanitation	<u>16,412</u>
Depreciation expense, governmental activities	<u>\$ 727,935</u>

**Note 6 Capital Assets (Continued)**

Capital asset activity for business-type activities for the year ended June 30, 2018 was:

<b>Business-type Activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Non-depreciable Capital Assets:				
Land	\$ 661,894	\$ -	\$ -	\$ 661,894
Depreciable Capital Assets:				
Land improvements	112,880	25,290	-	138,170
Buildings and improvements	15,851	-	-	15,851
Machinery and equipment	19,297	76,512	-	95,809
Infrastructure	<u>673,115</u>	<u>50,000</u>	-	<u>723,115</u>
Total capital assets	1,483,037	151,802	-	1,634,839
Less: Accumulated Depreciation:				
Land improvements	32,987	20,678	-	53,665
Buildings and improvements	8,151	350	-	8,501
Machinery and equipment	17,841	3,784	-	21,625
Infrastructure	<u>182,385</u>	<u>27,748</u>	-	<u>210,133</u>
Total accumulated depreciation	<u>241,364</u>	<u>52,560</u>	-	<u>293,924</u>
Net capital assets	<u>\$ 1,241,673</u>	<u>\$ 99,242</u>	<u>\$ -</u>	<u>\$ 1,340,915</u>

Depreciation expense for business-type activities for the year totaled \$52,560, and was allocated to the proprietary funds as follows:

Sewer Fund	\$ 27,748
Salmon Point	<u>24,812</u>
Depreciation expense, business-type activities	<u>\$ 52,560</u>

**Note 7 Long-Term Debt**

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2018:

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 150,000	\$ -	\$ (75,000)	\$ 75,000	\$ 75,000
Capital leases payable	<u>122,201</u>	<u>137,416</u>	<u>(67,460)</u>	<u>192,157</u>	<u>64,753</u>
Total long-term debt	<u>\$ 272,201</u>	<u>\$ 137,416</u>	<u>\$ (142,460)</u>	<u>\$ 267,157</u>	<u>\$ 139,753</u>

The Town's business-type activities due not carry any long-term debts. Interest paid on bonds payable during the year totaled \$3,419.

The Town's bonded debt is all currently due and, therefore, no long-term portion exists.

The Town's general obligation bond was issued in 2015 and is due in annual installments of principal and semi-annual installments of interest. The bond carries an interest rate of 2.99% per annum. Annual principal installments are \$75,000. The bond matures in September 2018.

The Town's lease obligations consist of copiers, two public works trucks, and a dump truck. The leased assets are included in the general capital assets of governmental activities and are being amortized through depreciation expense. Interest paid on lease obligations during the year totaled \$2,898. The copiers lease requires annual payments of \$4,543, the truck leases require annual payments of \$37,561, and the dump truck lease requires an annual payment of \$29,552. The copier lease expires in August 2020, the truck leases expire in January 2020, and the dump truck lease expires December 2021.

Future minimum lease payments on lease obligations are as follows:

Fiscal Year 2019	\$ 71,655
Fiscal Year 2020	71,656
Fiscal Year 2021	34,095
Fiscal Year 2022	<u>29,552</u>
Total minimum lease payments	206,958
Less: Amount representing interest	<u>(14,801)</u>
Present value of lease obligations	<u>\$ 192,157</u>

**Note 8      Overlapping Debt**

At June 30, 2018, the Town's proportionate share of Cumberland County's bonded debt is 2.3% of the total \$35,585,000 outstanding, or \$804,909.

At June 30, 2018, the Town's proportionate share of the Maine School Administrative District No. 61's bonded debt is 41.0% of the total \$9,697,995 outstanding, or \$3,977,148.

These obligations are not reported in the Town's financial statements. Debt service is included in the annual County and School assessments to the Town.

**Note 9      Defined Benefit Pension Plan****General Information about the Pension Plan***Plan Description*

The Town is a member of the Maine Public Employees Retirement System's (MainePERS) State Participating Local District (PLD) Agent Plan, an agent multiple-employer defined benefit pension plan established by the Maine State Legislature. This plan is an aggregation of single employer plans that were open when the PLD Consolidated Plan began. Under the legislation that created the consolidated plan, single employers could either join the consolidated plan whereby the single employer plan would end, or they could opt to not join the plan and continue to maintain their single employer plan as a closed plan until there were no further liabilities for pension, at which time the single employer plan would be dissolved. The Town chose the latter and as of June 30, 2018, the Town's plan membership consisted of 2 individuals drawing retirement benefits from the plan with an annual benefit of \$11,080.

Title 5 of the Maine Revised Statutes Annotated assigned the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the legislature to amend the terms. Maine(PERS) issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

*Pension Benefits*

Benefit terms are established in Maine statute. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are by contract with PLD 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 the System's Board of Trustees and is currently 5.0%.

## Note 9 Defined Benefit Pension Plan (Continued)

The Town's status as a withdrawn PLD requires that the Town continue to fund the plan on an actuarially sound basis for liabilities of any currently active, inactive vested, or retired participants. This plan is not available to any non-participating current employees or new hires. The Town's participating employees are eligible for normal retirement upon attaining age 60 and early retirement after completing 25 or more years of service. Participants are fully vested after 10 years of service.

### *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. The Town had no contribution requirements for the year ended June 30, 2018, in accordance with actuarially determined requirements through an actuarial valuation performed as of June 30, 2017.

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

At June 30, 2018, the Town reported a net pension asset of \$404,345. The net pension asset was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of the date.

For the year ended June 30, 2018, the Town recognized total pension revenue of \$22,732. At June 30, 2018, the Town reported deferred outflows of resources related to pensions totaling \$2,793 and reported deferred inflow of resources related to pensions totaling \$21,719 as a result of net differences between projected and actual earnings on pension plan investments.

The deferred inflows of resources are expected to be recognized in pension expense as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Fiscal Year 2019	\$ 699	\$ 5,430
Fiscal Year 2020	698	5,430
Fiscal Year 2021	698	5,430
Fiscal Year 2022	<u>698</u>	<u>5,429</u>
Total	<u>\$ 2,793</u>	<u>\$ 21,719</u>

### **Actuarial Methods and Assumptions**

The total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

#### *Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate. For participating employers in the PLD Agent Plan, the level percentage of payroll method is used.

**Note 9 Defined Benefit Pension Plan (Continued)**

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

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

*Asset Valuation Method*

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

*Amortization*

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

*Investment Rate of Return* – 6.875% per annum, compounded annually

*Inflation Rate* – 2.75%

*Cost of Living Benefit Increases* – 2.20%

*Mortality Rates* – For active members and non-disabled retirees, the RP 2014 Total Dataset Healthy Annuitant Table, for males and females is used.



**Note 9 Defined Benefit Pension Plan (Continued)**

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimate of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Assets:		
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

*Discount Rate*

The discount rate used by the Plan to measure the collective total pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates**

The following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 6.875%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.875%) or 1 percentage point higher (7.875%) than the current rate

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	5.875%	6.875%	7.875%
Net pension asset	\$ 811,249	\$ 404,345	\$ 98,016

*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 10      Deferred Compensation Plan****Plan Description**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through various retirement vehicles. The plan, available to all full-time employees, permits them to defer a portion of their salary, in addition to Town contributions, until future years. Benefits begin vesting at the beginning of service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. The plan has provisions for employees to borrow or take plan assets.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. Generally, the Town will contribute 5% to 6% of annual salary for full-time employees that participate in the Town's deferred compensation plan.

The Town's contributions to the plan included employee contributions for 2018 and 2017 were \$105,580 and \$102,421, respectively.

**Note 11      Outside Compensation Funds**

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

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

The General Fund's unassigned fund balance as of June 30, 2018 is \$4,358,300. The remainder of the General Fund's fund balance is composed of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>
Tax Acquired Property	\$ 12,893	\$ -	\$ -
Public Works Miscellaneous	-	3,310	
Police Dept Drug Forfeiture	-	2,040	
Breath / Bottle Donations	-	70	-
Health Incentive Program	-	12,726	-
Recreation Donations	-	14,194	-
Educational Trips	-	2,870	-
Fire Department Grant	-	8,142	-
Fire Department Donations	-	9,660	-
Warrington Junkyard Legal Fees	-	150	-
Subsequent Year's Expenditures	-	-	<u>401,864</u>
	<u>\$ 12,893</u>	<u>\$ 53,162</u>	<u>\$ 401,864</u>

**Note 13 Contingent Liability****Ecomaine**

The Town is a member community in ecomaine, a non-profit solid waste management corporation serving seventy-one municipalities in southern Maine and New Hampshire. Owned and controlled by twenty of those member communities, ecomaine creates electricity through its processing of waste and also operates an extensive recycling program. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing.

The Town has no explicit, measureable equity interest and therefore, has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected balance sheet information for ecomaine for the year ended June 30, 2018, includes total assets of \$62,899,434, total liabilities of \$17,719,973, and unrestricted net position of \$17,354,190. Ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2012 and a projected closing date. The separate audited financial statements of ecomaine may be obtained from ecomaine's website: <http://www.ecomaine.org>.

In addition, the projected costs for closure and post-closure of the ecomaine landfill are to be allocated among the twenty participating municipalities, include the Town of Bridgton. As of June 30, 2018, the outstanding share of projected landfill closure and post-closure costs totaled \$14,564,514, of which the Town's share, based on estimated tonnage, amounts to \$629,599, or 4.32%.

**Note 13 Contingent Liability (Continued)****Litigation**

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

**State and Federal Grants**

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

**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 is insured by Chalmers Insurance Group.

Based on 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, 2018.

**Note 14 Prior Period Restatements**

During the year, management discovered errors in the prior year calculations of depreciation expense on capital assets used in both governmental activities and business-like activities. This error caused more depreciation to be expensed in prior years than should have been. The result was that beginning net position of governmental activities was restated upward by \$275,353 and the beginning net position of business-like activities was restated upward by \$70,465.

**Note 15 Subsequent Events**

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through April 1, 2019, 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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 15,092,829	\$ 14,932,577	\$ 14,962,545	\$ 29,968
Excise taxes	872,000	872,000	1,026,423	154,423
Licenses and permits	112,800	112,800	141,978	29,178
Intergovernmental	514,584	586,266	581,036	(5,230)
Charges for services	325,306	325,306	412,830	87,524
Lien interest and costs	87,000	87,000	92,111	5,111
All other revenue	<u>33,200</u>	<u>33,200</u>	<u>75,176</u>	<u>41,976</u>
Total revenues	17,037,719	16,949,149	17,292,099	342,950
<b>Expenditures</b>				
General government	2,005,104	2,019,517	1,933,345	86,172
Public safety	1,502,325	1,529,261	1,375,472	153,789
Public works	1,814,358	1,836,388	1,738,763	97,625
Stipends	12,450	12,450	10,200	2,250
Capital expenditures	825,250	1,123,047	719,109	403,938
Outside agencies	192,250	217,753	204,973	12,780
Outside services	47,889	47,889	49,889	(2,000)
Fixed charges and assessments	<u>10,674,252</u>	<u>10,768,254</u>	<u>10,775,107</u>	<u>(6,853)</u>
Total expenditures	<u>17,073,878</u>	<u>17,554,559</u>	<u>16,806,858</u>	<u>747,701</u>
<b>Revenue Surplus (Deficit)</b>	(36,159)	(605,410)	485,241	1,090,651
<b>Other Financing Sources (Uses)</b>				
Sale of municipal property	-	-	27,563	27,563
Transfers in from other funds	107,212	107,212	137,859	30,647
Transfers out to other funds	<u>(196,053)</u>	<u>(197,570)</u>	<u>(284,623)</u>	<u>(87,053)</u>
Total other financing sources (uses)	<u>(88,841)</u>	<u>(90,358)</u>	<u>(119,201)</u>	<u>(28,843)</u>
<b>Change in Fund Balance</b>	<u>\$ (125,000)</u>	<u>\$ (695,768)</u>	<u>\$ 366,040</u>	<u>\$ 1,061,808</u>
<b>Additions to (Use of) Fund Balance</b>				
Nonspendable	\$ -	\$ -	\$ (1,243)	
Restricted	-	-	11,812	
Assigned	-	(415,367)	(13,503)	
Unassigned	<u>(125,000)</u>	<u>(280,401)</u>	<u>368,974</u>	
	<u>\$ (125,000)</u>	<u>\$ (695,768)</u>	<u>\$ 366,040</u>	

## Schedule of Changes in Net Pension Liability and Related Ratios

Schedule 2

## MainePERS Participating Local District Consolidated Plan

Employer ID: 0176

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Interest	\$ 3,885	\$ 4,528	\$ 4,588	\$ 5,622
Difference between actual and expected experience	4,058	1,259	5,635	(7,889)
Change in assumptions	-	(1,740)	382	-
Benefit payments	(11,080)	(11,080)	(11,080)	(11,628)
Net change in total pension liability	(3,137)	(7,033)	(475)	(13,895)
Beginning total pension liability	61,951	68,984	69,459	83,354
Ending total pension liability <b>(a)</b>	<u>\$ 58,814</u>	<u>\$ 61,951</u>	<u>\$ 68,984</u>	<u>\$ 69,459</u>
<b>Fiduciary Net Position</b>				
Net investment income	\$ 53,336	\$ 1,765	\$ 8,060	\$ 63,714
Benefit payments	(11,080)	(11,080)	(11,080)	(11,628)
Administrative expense	(50)	(363)	(381)	(316)
Net change in fiduciary net position	42,206	(9,678)	(3,401)	51,770
Beginning fiduciary net position	420,953	430,631	434,032	382,262
Ending fiduciary net position <b>(b)</b>	<u>\$ 463,159</u>	<u>\$ 420,953</u>	<u>\$ 430,631</u>	<u>\$ 434,032</u>
<b>Net Pension Asset (b - a)</b>	<u>\$ 404,345</u>	<u>\$ 359,002</u>	<u>\$ 361,647</u>	<u>\$ 364,573</u>
Fiduciary net position as a percentage of total pension liability	787.5%	679.5%	624.2%	624.9%
Covered employee payroll	\$ -	\$ -	\$ -	\$ -
Net pension asset as a percentage of covered employee payroll	0.0%	0.0%	0.0%	0.0%

**Schedule of Contributions**

Schedule 3

## MainePERS Participating Local District Consolidated Plan

Employer ID: 0176

	2017	2016	2015	2014
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -
Actual contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ -	\$ -	\$ -	\$ -
Actual contributions as a percentage of covered employee payroll	0.0%	0.0%	0.0%	0.0%

*\* The amounts presented have a measurement date of the previous fiscal year end.*

*This schedule is intended to show information for ten years.*

*The data presented is attributable to those years beginning with the District's first year of GASB 68 implementation; the fiscal year ended June 30, 2014.*

**Note 1 Budgetary Accounting**

On an annual basis, the Town adopts an appropriated budget for the General Fund. Formal budgetary integration is employed as a management control device. The budget is prepared on budgetary basis of accounting which may differ from the modified accrual basis of accounting used to prepare financial statements of the General Fund. For the fiscal year 2018 financial statements, however, there are no differences between the budgetary basis of accounting and the modified accrual basis of accounting.

**Note 2 Original to Final Budget Differences**

For fiscal year 2018, the Town adopted an original budget with a deficit of \$125,000. The final budget, which includes authorized changes to the budget after the beginning of the fiscal year, budgeted a deficit of \$695,768.

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

- A clerical error in calculating the total property taxes to be committed resulted in a reduction of committed revenues by \$160,252.
- The homestead exemption and BETE reimbursement were adjusted upward by \$71,682 based on data used on the date of commitment, increasing estimated revenues.
- Overlay for tax abatements was calculated on the date of commitment totaling \$66,830, increasing budgeted expenditures.
- Fiscal year 2017 carry forwards were approved totaling \$415,367, increasing budgeted expenditures.

**Note 3 Budget to Actual Results**

Despite the final budgeted deficit of \$695,768, actual results were that a surplus of \$366,040 was realized. This surplus was a result of revenues coming in over estimates by a total of \$342,950, expenditures coming in under budget by a total of \$747,701, and other financing uses coming in above estimates by \$28,843.

Budget categories that came in above budgeted expenditures were outside services by \$2,000 due to payments to Family Crisis Services, fixed charges and assessments by \$6,853 due to a non-cash charge of \$121,998 for bad debts, and transfers out by \$87,053 as a result of unexpended appropriations being transferred to capital projects funds.



## Schedule of Departmental Operations

Schedule 4

For the Year Ended June 30, 2018

	Current Year Appropriations and Amounts Carried Forward	Current Year Expenditures	Unexpended / (Overdrawn)	Unexpended Amounts Carried Forward
<b>General Government</b>				
Administration	\$ 1,056,329	\$ 1,033,426	\$ 22,903	\$ 5,916
Assessing	37,450	38,450	(1,000)	-
Code enforcement	101,221	103,764	(2,543)	-
Economic development	166,938	111,625	55,313	43,130
General assistance	24,764	15,296	9,468	-
Insurance	190,366	193,321	(2,955)	-
Municipal complex	95,835	85,369	10,466	-
Recreation	167,748	177,535	(9,787)	-
Town clerk	178,866	174,559	4,307	-
Total General Government	2,019,517	1,933,345	86,172	49,046
<b>Public Safety</b>				
Ambulance	51,000	51,000	-	-
Animal control	9,063	7,435	1,628	-
Emergency management	10,555	6,390	4,165	3,676
Fire department	417,080	289,982	127,098	49,603
Health officer	1,265	915	350	-
Hydrants	191,760	187,674	4,086	-
Police department	817,007	798,110	18,897	3,869
Streetlights	31,531	33,966	(2,435)	-
Total Public Safety	1,529,261	1,375,472	153,789	57,148
<b>Public Works</b>				
Building maintenance	17,020	13,336	3,684	-
Cemeteries	53,858	49,235	4,623	2,675
Parks department	204,799	194,471	10,328	9,983
Pondicherry park	11,800	1,293	10,507	9,700
Public works department	705,141	664,923	40,218	-
Septic disposal	750	-	750	-
Town hall	16,425	17,994	(1,569)	-
Transfer station	464,499	456,148	8,351	-
Vehicle maintenance	362,096	341,363	20,733	-
Total Public Works	1,836,388	1,738,763	97,625	22,358
<b>Stipends</b>				
Stipends	12,450	10,200	2,250	-

## Schedule of Departmental Operations

Schedule 4 (Continued)

For the Year Ended June 30, 2018

	Current Year Appropriations and Amounts Carried Forward	Current Year Expenditures	Unexpended / (Overdrawn)	Unexpended Amounts Carried Forward
<b>Capital Expenditures</b>				
Fire department	\$ 15,000	\$ -	\$ 15,000	\$ -
Marketing	40,090	40,470	(380)	-
Public works department	711,177	514,140	197,037	158,358
Salmon point	68,700	39,683	29,017	-
Streetscape / lower main street	71,389	19,101	52,288	52,288
Town hall	131,091	40,776	90,315	7,591
Recreation	48,100	47,345	755	-
Other	37,500	17,594	19,906	19,906
Total Capital Expenditures	1,123,047	719,109	403,938	238,143
<b>Outside Agencies</b>				
Bridgton community center	76,750	79,264	(2,514)	-
Bridgton public library	82,500	82,500	-	-
Bridgton rec advancement group	25,503	10,209	15,294	15,294
Lakes region television	33,000	33,000	-	-
Total Outside Agencies	217,753	204,973	12,780	15,294
<b>Outside Services</b>				
Outside services	47,889	49,889	(2,000)	-
<b>Fixed Costs and Assessments</b>				
Contingency	58,688	31,197	27,491	27,491
Long-term Debt	154,691	145,494	9,197	-
County Fees	780,859	779,296	1,563	-
Education	9,680,702	9,660,758	19,944	-
Magic Lantern TIF	26,484	26,484	-	-
Abatements	66,830	9,880	56,950	-
Bad debt expense	-	121,998	(121,998)	-
Total Fixed Costs	10,768,254	10,775,107	(6,853)	27,491
<b>Other Financing Uses</b>				
Transfers out	197,570	284,623	(87,053)	-
<b>Total Expenditures and Transfers</b>	<b>\$ 17,752,129</b>	<b>\$ 17,091,481</b>	<b>\$ 660,648</b>	<b>\$ 401,864</b>

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
 As of June 30, 2018

Schedule 5

	CDBG	Bridgton Baseball and Softball	Planning Board	MMA Wellness	Total
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 919	\$ -	\$ -	\$ 919
Accounts receivable	25,643	-	-	1,360	27,003
Due from other funds	<u>413,563</u>	<u>-</u>	<u>10,610</u>	<u>-</u>	<u>424,173</u>
<b>Total Assets</b>	<u>\$ 439,206</u>	<u>\$ 919</u>	<u>\$ 10,610</u>	<u>\$ 1,360</u>	<u>\$ 452,095</u>
<b>Liabilities</b>					
Escrows	\$ -	\$ -	\$ 10,610	\$ -	\$ 10,610
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,360</u>	<u>1,360</u>
<b>Total Liabilities</b>	-	-	10,610	1,360	11,970
<b>Fund Balances</b>					
Restricted	<u>439,206</u>	<u>919</u>	<u>-</u>	<u>-</u>	<u>440,125</u>
<b>Total Fund Balances</b>	<u>439,206</u>	<u>919</u>	<u>-</u>	<u>-</u>	<u>440,125</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 439,206</u>	<u>\$ 919</u>	<u>\$ 10,610</u>	<u>\$ 1,360</u>	<u>\$ 452,095</u>

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

Schedule 6

**Nonmajor Special Revenue Funds**

For the Year Ended June 30, 2018

	CDBG	Bridgton Baseball and Softball	Planning Board	MMA Wellness	Total
<b>Revenues</b>					
Intergovernmental	\$ 284,196	\$ -	\$ -	\$ -	\$ 284,196
Licenses, permits, and fees	-	-	647	-	647
Charges for services	-	2,980	-	-	2,980
Donations and grants	-	-	-	1,360	1,360
<b>Total Revenues</b>	<u>284,196</u>	<u>2,980</u>	<u>647</u>	<u>1,360</u>	<u>289,183</u>
<b>Expenditures</b>					
Recreation	-	2,940	-	-	2,940
Community development	233,742	-	-	1,360	235,102
<b>Total Expenditures</b>	<u>233,742</u>	<u>2,940</u>	<u>-</u>	<u>1,360</u>	<u>238,042</u>
<b>Revenue Surplus</b>	50,454	40	647	-	51,141
<b>Other Financing Uses</b>					
Transfers out	-	-	647	-	647
<b>Net Change in Fund Balance</b>	50,454	40	-	-	50,494
<b>Beginning Fund Balance</b>	<u>388,752</u>	<u>879</u>	<u>-</u>	<u>-</u>	<u>389,631</u>
<b>Ending Fund Balance</b>	<u>\$ 439,206</u>	<u>\$ 919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,125</u>

**Combining Balance Sheet**  
**Nonmajor Capital Project Funds**  
 As of June 30, 2018

Schedule 7

	<u>Assets</u> Due From General Fund	<u>Fund Balance</u> Committed or Restricted
<b>Committed Capital Project Funds</b>		
Employee Accrued Benefit Reserve	\$ 20,000	\$ 20,000
Municipal Building Reserve	236,253	236,253
Fire Department Apparatus Reserve	141,195	141,195
Capital Projects Reserve	17,927	17,927
Pondicherry Park Reserve	26,645	26,645
Recreation Reserve	64,815	64,815
Public Works Equipment Reserve	7,029	7,029
Police Cruiser Reserve	<u>3,207</u>	<u>3,207</u>
Total committed capital project funds	517,071	517,071
<b>Restricted Capital Project Funds</b>		
Route 302 TIF Fund	<u>247,023</u>	<u>247,023</u>
<b>Total nonmajor capital project funds</b>	<u><u>\$ 764,094</u></u>	<u><u>\$ 764,094</u></u>

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

Schedule 8

**Nonmajor Capital Projects Funds**

For the Year Ended June 30, 2018

	Beginning Balance	Revenues	Net Transfers	Expenditures	Ending Balance
<b>Capital Project Funds</b>					
Emp Accrued Benefit Rsv	\$ 5,000	\$ -	\$ 15,000	\$ -	\$ 20,000
Municipal Building Rsv	185,927	2,100	97,091	(48,865)	236,253
Fire Dept Apparatus Rsv	175,558	-	15,000	(49,363)	141,195
Capital Projects Rsv	20,000	-	10,000	(12,073)	17,927
Pondicherry Park Rsv	19,820	125	6,700	-	26,645
Recreation Reserve	65,000	-	10,000	(10,185)	64,815
Public Works Equip Rsv	28,935	7,700	18,262	(47,868)	7,029
Sabattus Island	-	8,122	-	(8,122)	-
Police Cruiser Reserve	-	3,207	-	-	3,207
Route 302 TIF Fund	164,454	-	82,569	-	247,023
<b>Totals</b>	<u>\$ 664,694</u>	<u>\$ 21,254</u>	<u>\$ 254,622</u>	<u>\$ (176,476)</u>	<u>\$ 764,094</u>

**Combining Balance Sheet**  
**Non-Major Permanent Funds**  
As of June 30, 2018

Schedule 9

	Assets		
	Cash and Equivalents	Investments	Total Assets
<b>Bridgton Trust</b>			
Cemetery Perpetual Care	\$ 27,089	\$ 379,591	\$ 406,680
Special Cemetery Fund	26,434	370,404	396,838
Willis Park Fund	3,735	52,343	56,078
Village Improvement Fund	883	12,369	13,252
School Fund	1,744	24,442	26,186
Worthy & Industrious Poor Revitalization Fund	9,939 14,469	139,268 202,754	149,207 217,223
Total Bridgton Trust	84,293	1,181,171	1,265,464
<b>Park Forest Trust Fund</b>	3,291	86,781	90,072
<b>Totals</b>	<u>\$ 87,584</u>	<u>\$ 1,267,952</u>	<u>\$ 1,355,536</u>

	Liabilities and Fund Balances		
	Due to General Fund	Restricted Fund Balance	Total L & FB
<b>Bridgton Trust</b>			
Cemetery Perpetual Care	\$ 25,011	\$ 381,669	\$ 406,680
Special Cemetery Fund	364	396,474	396,838
Willis Park Fund	1,886	54,192	56,078
Village Improvement Fund	13	13,239	13,252
School Fund	896	25,290	26,186
Worthy & Industrious Poor Revitalization Fund	5,186 7,957	144,021 209,266	149,207 217,223
Total Bridgton Trust	41,313	1,224,151	1,265,464
<b>Park Forest Trust Fund</b>	2,476	87,596	90,072
<b>Totals</b>	<u>\$ 43,789</u>	<u>\$ 1,311,747</u>	<u>\$ 1,355,536</u>

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

Schedule 10

Non-Major Permanent Funds

For the Year Ended June 30, 2018

	Beginning Balance	Revenues	Transfers Out	Expenditures	Ending Balance
<b>Bridgton Trust</b>					
Cemetery Perpetual Care	\$ 388,995	\$ 24,504	\$ (30,388)	\$ (1,442)	381,669
Special Cemetery Fund	379,581	18,300	-	(1,407)	396,474
Willis Park Fund	53,640	2,587	(1,836)	(199)	54,192
Village Improvement Fund	12,675	611	-	(47)	13,239
School Fund	25,047	1,208	(872)	(93)	25,290
Worthy & Industrious Poor	142,719	6,880	(5,049)	(529)	144,021
Revitalization Fund	<u>207,777</u>	<u>10,017</u>	<u>(7,758)</u>	<u>(770)</u>	<u>209,266</u>
Total Bridgton Trust	1,210,434	64,107	(45,903)	(4,487)	1,224,151
<b>Park Forest Trust Fund</b>	<u>81,840</u>	<u>6,074</u>	<u>-</u>	<u>(318)</u>	<u>87,596</u>
<b>Totals</b>	<u>\$ 1,292,274</u>	<u>\$ 70,181</u>	<u>\$ (45,903)</u>	<u>\$ (4,805)</u>	<u>\$ 1,311,747</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 Bridgton

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 Bridgton, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Town of Bridgton's basic financial statements, and have issued our report thereon dated April 1, 2019.

**Internal Control over Financial Reporting**

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

### **Purpose of this Report**

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



Berry Talbot Royer  
Falmouth, Maine  
Certified Public Accountants  
April 1, 2019