

TOWN OF THOMASTON, MAINE

Annual Financial Report

**For the Year Ended
June 30, 2019**

TOWN OF THOMASTON, MAINE
Annual Financial Report
For the Year ended June 30, 2019

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Independent Auditor's Report

Board of Selectmen
Town of Thomaston, Maine

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Thomaston, Maine's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements 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, the combining and individual fund financial statements 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 March 19, 2020, on our consideration of the Town of Thomaston, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Thomaston's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Thomaston, Maine's internal control over financial reporting and compliance.



March 19, 2020
South Portland, Maine

TOWN OF THOMASTON, MAINE
Management's Discussion and Analysis
June 30, 2019

As management of the Town of Thomaston, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Thomaston for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our notes to the financial statements, which can be found on pages 22-41 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Thomaston exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,078,667 (*net position*) (Statement 1). Of this amount, \$3,395,482 (*unrestricted net position*) (Statement 1) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town of Thomaston's total net position increased by \$574,344 (Statement 2). This represents an increase of \$745,521 in governmental activities, and a decrease of \$171,177 in business-type activities.
- As of the close of the current fiscal year, the Town of Thomaston's governmental funds reported combined ending fund balances of \$6,740,414 (Statement 3), an increase of \$336,496 (Statement 4) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,447,639 (Statement 3) or 15.99 % of total general fund expenditures of \$9,055,951 (Statement 4).
- Fund balances are allocated to five categories: 1) nonspendable; 2) restricted; 3) committed; 4) assigned; 5) unassigned. The nonspendable is made up trust bequests of \$326,227, that is the basis from which the trusts were established as follows:

Cemetery	\$ 162,446
Library - Operating	66,609
Library - Books	97,172

- The restricted amount of \$3,752,955 is comprised of \$1,111,749 for the Library Operating Fund, \$618,785 to the T.I.F. District Fund, \$1,221,024 for economic development outside the 34-acre T.I.F. District, \$5,249 for the Thomaston Green Fund, \$136,500 for the CDBG Loan Fund, \$300,780 for the Library Book Fund and \$358,868 for the Cemetery Trust. The assigned amount of \$1,097,974 is made up of reserves and the 2019 budget carry forwards in the General Fund. The unassigned totals \$1,447,639 in the General Fund, and is 15.99 % of the total 2018-2019 expenditures of \$9,055,951.

Overview of the Financial Statements

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

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

The *statement of net position*, Statement 1, presents information on all of the Town's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

TOWN OF THOMASTON, MAINE
Management's Discussion and Analysis, Continued

The *statement of activities*, Statement 2, presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Thomaston that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The net expenses of the governmental activities of the Town include:

General government	\$ 286,307
Municipal buildings	39,473
Public safety	762,867
Public works	427,248
Health and welfare	437,868
Education	4,445,302
County assessment	468,774
Recreation and leisure	93,134
Local agencies	12,992
Employee benefits	472,422
Library	150,975
Cemetery	44,031
Credit enhancement – TIF	663,767
Unclassified	148,053
Interest on debt	5,217
Capital maintenance	158,748

The Town has one business-type activity, which consists of the Pollution Control Department.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Thomaston, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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 Town'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 *government funds* and *governmental activities*.

TOWN OF THOMASTON, MAINE
Management's Discussion and Analysis, Continued

The Town of Thomaston maintains eight individual governmental funds. They are:

- General Fund
- Library Operating Fund
- Library Book Fund
- Cemetery Fund
- TIF Fund (made up of the 2003 Dragon Products TIF and the 2010 Downtown TIF)
- Non-TIF Economic Development Fund
- Thomaston Green Fund
- CDBG Loan Fund

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, TIF Fund, Non-TIF Economic Development Fund and Library Operating Fund, which are considered to be major funds (Statement 3). Data from the other four governmental funds are combined into a single, aggregated presentation (Statement 3). Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report (See Exhibits B-1 and B-2).

The Town of Thomaston adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget (Statement 6).

Proprietary funds. The Town maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its operations of pollution control.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties but not the Town as a whole. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town of Thomaston's own programs.

The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

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 fund financial statements. The notes to the financial statements can be found on pages 22-41 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the accompanying notes. Combining and individual fund statements and schedules can be found on Exhibits A through D-1 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Thomaston, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,078,667 at the close of the most recent fiscal year (Statement 1).

By far the largest portion of the Town of Thomaston's net position (66.14%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF THOMASTON, MAINE
Management's Discussion and Analysis, Continued

Financial Analysis of the Government's Funds

As noted earlier, the Town of Thomaston uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Thomaston's *governmental funds* is to provide information on short-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year (Statement 3).

As of the end of the current fiscal year, the Town of Thomaston's governmental funds reported combined ending fund balances of \$6,740,414. Approximately 21.35% of this total amount (\$1,439,430) constitutes *unassigned fund balance*.

General Fund on Statement 4 shows the following actual expenditures:

General government	\$ 505,032
Municipal buildings	82,267
Public safety	666,722
Public works	503,744
Health and welfare	496,052
Education	4,445,302
County assessment	468,774
Recreation and leisure	88,840
Local agencies	12,992
Employee benefits	472,422
Unclassified	148,053
<u>Capital outlays</u>	<u>1,165,751</u>
<u>Total expenditures</u>	<u>9,055,951</u>
<u>Excess of revenues over expenditures</u>	<u>\$ (14,905)</u>

Capital Asset and Debt Administration

Capital assets. The Town of Thomaston's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$17,507,150 plus additional amounts for land totaling \$324,800 and construction in progress \$35,226; however, the value net of depreciation is \$9,099,363. This investment in capital assets includes land, land improvements, buildings and improvements, vehicles, machinery and equipment, furniture and fixtures and infrastructure.

Land	\$ 324,800
Construction in progress	35,266
Land improvements	446,083
Buildings and building improvements	5,698,170
Machinery, vehicles and equipment	3,112,742
Infrastructure	8,175,857
Furniture and fixtures	74,298

TOWN OF THOMASTON, MAINE
Management's Discussion and Analysis, Continued

Long-term debt. At the end of the current fiscal year, the Town of Thomaston had total debt outstanding of \$4,238,595. Of this amount, \$3,799,259 is Pollution Control, \$159,336 is the Thomaston Green note, and \$280,000 is the remaining principal on the Streetscape Project note.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the Town of Thomaston is \$57,942,824.55, which is significantly in excess of the Town of Thomaston's outstanding general obligation debt of \$4,238,595 or 7.3 % of the 15 % allowed.

Additional information on the Town of Thomaston's long-term debt can be found on pages 33-34 of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates 2019/2020

The Municipal, Education, and County Budget for 2019/2020 is a total of \$9,060,101; up \$702,755 from the current audit period of \$8,357,347. The mil rate increased for 2019/2020 from 20.93 to \$22.33 per \$1,000 of value. This increase is due to \$554,600 for RSU #13, \$142,130 for Municipal and \$6,025 for Knox County.

The fiscal capacity of the Town to meet financial obligations remains stable. Thomaston has \$2,537,404 in assigned and unassigned fund balance as of June 30, 2019, based on the audit, of which \$1,439,430 is unassigned fund balance, formerly known as surplus or undesignated; the remainder is assigned or reserve accounts. The Town has not borrowed a tax anticipation note since 2003.

Town Economic Development Goals

The Town has three specific categories approved by the Board of Selectmen for goals annually:

1. Stimulate Economic Growth
2. Strengthen the Community Core
3. Strengthen Municipal Services

Requests for Information

This financial report is designed to provide a general overview of the Town of Thomaston'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 the Town Manager, 13 Valley Street, Thomaston, Maine 04861.

BASIC FINANCIAL STATEMENTS

TOWN OF THOMASTON, MAINE
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 38,503	190,700	229,203
Investments	6,438,995	-	6,438,995
Receivables:			
Taxes	716,308	-	716,308
Tax liens	157,243	-	157,243
Accounts	256,133	196,556	452,689
Internal balances	(56,005)	56,005	-
Capital assets not being depreciated	360,066	713,982	1,074,048
Capital assets being depreciated, net	8,739,297	9,029,253	17,768,550
Total assets	16,650,540	10,186,496	26,837,036
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	127,355	-	127,355
Total deferred outflows of resources	127,355	-	127,355
LIABILITIES			
Accounts payable and accrued expenses	128,094	10,709	138,803
Taxes collected in advance	24,669	-	24,669
Accrued interest	-	29,072	29,072
Noncurrent liabilities:			
Due within one year	15,919	316,469	332,388
Due in more than one year	795,670	3,482,790	4,278,460
Total liabilities	964,352	3,839,040	4,803,392
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	82,332	-	82,332
Total deferred inflows of resources	82,332	-	82,332
NET POSITION			
Net investment in capital assets	8,660,027	5,943,976	14,604,003
Restricted for:			
Nonexpendable principal	326,227	-	326,227
Special revenue funds	1,981,558	-	1,981,558
Permanent funds	1,771,397	-	1,771,397
Unrestricted	2,992,002	403,480	3,395,482
Total net position	\$ 15,731,211	6,347,456	22,078,667

See accompanying notes to basic financial statements.

TOWN OF THOMASTON, MAINE
Statement of Activities
For the year ended June 30, 2019

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 516,962	230,655	-	-	(286,307)	-	(286,307)
Municipal buildings	82,267	42,794	-	-	(39,473)	-	(39,473)
Public safety	762,867	-	-	-	(762,867)	-	(762,867)
Public works	823,188	7,799	363,441	24,700	(427,248)	-	(427,248)
Health and welfare	496,052	58,184	-	-	(437,868)	-	(437,868)
Education	4,445,302	-	-	-	(4,445,302)	-	(4,445,302)
County assessment	468,774	-	-	-	(468,774)	-	(468,774)
Recreation and leisure	93,134	-	-	-	(93,134)	-	(93,134)
Local agencies	12,992	-	-	-	(12,992)	-	(12,992)
Employee benefits	472,422	-	-	-	(472,422)	-	(472,422)
Library	152,877	1,902	-	-	(150,975)	-	(150,975)
Cemetery	61,506	17,475	-	-	(44,031)	-	(44,031)
Credit enhancement - tax increment financing	663,767	-	-	-	(663,767)	-	(663,767)
Unclassified	148,053	-	-	-	(148,053)	-	(148,053)
Interest on debt	5,217	-	-	-	(5,217)	-	(5,217)
Capital maintenance	256,468	-	-	97,720	(158,748)	-	(158,748)
Total governmental activities	9,461,848	358,809	363,441	122,420	(8,617,178)	-	(8,617,178)
Business-type activities:							
Pollution control	1,004,526	601,307	-	-	-	(403,219)	(403,219)
Total business-type activities	1,004,526	601,307	-	-	-	(403,219)	(403,219)
Total primary government	\$ 10,466,374	960,116	363,441	122,420	(8,617,178)	(403,219)	(9,020,397)
General revenues:							
Property taxes					\$ 8,084,956	-	8,084,956
Excise taxes					530,619	-	530,619
Cable TV franchise fee					24,286	-	24,286
Grants and contributions not restricted to specific programs:							
State revenue sharing					178,561	-	178,561
Homestead exemption					169,908	-	169,908
Other					86,291	-	86,291
Investment income					139,436	143	139,579
Unclassified					380,541	-	380,541
Transfers					(231,899)	231,899	-
Total general revenues and transfers					9,362,699	232,042	9,594,741
Change in net position					745,521	(171,177)	574,344
Net position - beginning					14,985,690	6,518,633	21,504,323
Net position - ending					\$ 15,731,211	6,347,456	22,078,667

See accompanying notes to basic financial statements.

TOWN OF THOMASTON, MAINE
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	TIF Fund	Non-TIF Economic Development	Library Operating Fund	All Other Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	\$ 23,340	-	-	944	14,219	38,503
Investments	4,356,552	-	-	1,177,396	905,047	6,438,995
Receivables:						
Taxes	716,308	-	-	-	-	716,308
Tax liens	157,243	-	-	-	-	157,243
Accounts, net of allowance (\$97,325)	256,115	-	-	18	-	256,133
Interfund receivables	-	610,576	1,221,024	-	141,759	1,973,359
Total assets	\$ 5,509,558	610,576	1,221,024	1,178,358	1,061,025	9,580,541
LIABILITIES						
Accounts payable and accrued expenses	128,084	-	-	-	10	128,094
Taxes collected in advance	24,669	-	-	-	-	24,669
Interfund payables	2,029,364	-	-	-	-	2,029,364
Total liabilities	2,182,117	-	-	-	10	2,182,127
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	658,000	-	-	-	-	658,000
Total deferred inflows of resources	658,000	-	-	-	-	658,000
FUND BALANCES						
Nonspendable	-	-	-	66,609	259,618	326,227
Restricted	-	618,785	1,221,024	1,111,749	801,397	3,752,955
Committed	123,828	-	-	-	-	123,828
Assigned	1,097,974	-	-	-	-	1,097,974
Unassigned	1,447,639	(8,209)	-	-	-	1,439,430
Total fund balances	2,669,441	610,576	1,221,024	1,178,358	1,061,015	6,740,414
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,509,558	610,576	1,221,024	1,178,358	1,061,025	
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						9,099,363
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.						658,000
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:						
Accrued compensated absences						(42,015)
Net pension liability, including related deferred inflows and outflows of resources						(285,215)
Bonds payable						(439,336)
Net position of governmental activities						\$ 15,731,211

See accompanying notes to basic financial statements.

TOWN OF THOMASTON, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2019

	General Fund	TIF Fund	Non-TIF Economic Development Fund	Library Operating Fund	All Other Governmental Funds	Totals
Revenues:						
Taxes	\$ 7,634,028	852,764	-	-	-	8,486,792
Licenses, permits and fees	42,395	-	-	-	-	42,395
Intergovernmental	1,143,219	-	-	-	-	1,143,219
Charges for services	65,983	-	201,250	1,188	18,189	286,610
Investment income	8,933	2,052	3,880	71,917	52,654	139,436
Other revenues	146,488	-	2,000	23,373	5,955	177,816
Total revenues	9,041,046	854,816	207,130	96,478	76,798	10,276,268
Expenditures:						
Current:						
General government	505,032	-	-	-	-	505,032
Municipal buildings	82,267	-	-	-	-	82,267
Public safety	666,722	-	-	-	-	666,722
Public works	503,744	-	-	-	-	503,744
Health and welfare	496,052	-	-	-	-	496,052
Education	4,445,302	-	-	-	-	4,445,302
County assessment	468,774	-	-	-	-	468,774
Recreation and leisure	88,840	-	-	-	-	88,840
Local agencies	12,992	-	-	-	-	12,992
Employee benefits	472,422	-	-	-	-	472,422
Library	-	-	-	128,574	17,228	145,802
Cemetery	-	-	-	-	61,506	61,506
Credit enhancement - tax increment financing	-	663,767	-	-	-	663,767
Unclassified	148,053	-	-	-	-	148,053
Debt service	-	20,847	-	-	-	20,847
Capital outlays	1,165,751	40,000	-	-	-	1,205,751
Total expenditures	9,055,951	724,614	-	128,574	78,734	9,987,873
Excess (deficiency) of revenues over (under) expenditures	(14,905)	130,202	207,130	(32,096)	(1,936)	288,395
Other financing sources (uses):						
Bond proceeds	280,000	-	-	-	-	280,000
Transfers in (out)	(134,410)	(78,762)	(103,137)	65,410	19,000	(231,899)
Total other financing sources (uses)	145,590	(78,762)	(103,137)	65,410	19,000	48,101
Net change in fund balances	130,685	51,440	103,993	33,314	17,064	336,496
Fund balances, beginning of year	2,538,756	559,136	1,117,031	1,145,044	1,043,951	6,403,918
Fund balances, end of year	\$ 2,669,441	610,576	1,221,024	1,178,358	1,061,015	6,740,414

See accompanying notes to basic financial statements.

TOWN OF THOMASTON, MAINE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2019

Net change in fund balances - total governmental funds (from Statement 4)	\$	336,496
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$955,387) exceeded depreciation expense (\$608,202) and loss on disposal (\$6,104).</p>		
		341,081
<p>Revenues in the governmental funds that are not reported in the statement of activities, this is the change in unavailable property tax revenue.</p>		
		163,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the decrease in the net pension liability with related deferred inflows and outflows (\$127,912) and the decrease in accrued compensated absences (\$41,402).</p>		
		169,314
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This represents the proceeds from new bonds (\$280,000) net of the principal payments (\$15,630).</p>		
		(264,370)
Change in net position of governmental activities (see Statement 2)		745,521

See accompanying notes to basic financial statements.

TOWN OF THOMASTON, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual - General Fund
For the year ended June 30, 2019

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 7,759,193	7,759,193	7,634,028	(125,165)
Licenses, permits and fees	32,270	32,270	42,395	10,125
Intergovernmental	499,287	499,287	1,143,219	643,932
Charges for services	9,500	9,500	65,983	56,483
Investment income	2,700	2,700	8,933	6,233
Other revenues	72,957	72,957	146,488	73,531
Total revenues	8,375,907	8,375,907	9,041,046	665,139
Expenditures:				
Current:				
General government	469,908	469,908	505,032	(35,124)
Municipal buildings	89,700	89,700	82,267	7,433
Public safety	725,204	725,204	666,722	58,482
Public works	518,288	518,288	503,744	14,544
Health and welfare	467,859	467,859	496,052	(28,193)
Education	4,445,302	4,445,302	4,445,302	-
Intergovernmental - county tax	468,774	468,774	468,774	-
Recreation and leisure	105,162	105,162	88,840	16,322
Local agencies	14,225	14,225	12,992	1,233
Employee benefits	515,469	515,469	472,422	43,047
Unclassified	95,163	95,163	148,053	(52,890)
Capital outlays	565,580	565,580	1,165,751	(600,171)
Total expenditures	8,480,634	8,480,634	9,055,951	(575,317)
Excess (deficiency) of revenues over (under) expenditures	(104,727)	(104,727)	(14,905)	89,822
Other financing sources (uses):				
Transfers out	(134,410)	(134,410)	(134,410)	-
Bond proceeds	-	-	280,000	280,000
Use of fund balance	239,137	239,137	-	(239,137)
Total other financing sources (uses)	104,727	104,727	145,590	40,863
Net change in fund balance	-	-	130,685	130,685
Fund balance, beginning of year			2,538,756	
Fund balance, end of year	\$		2,669,441	

See accompanying notes to basic financial statements.

TOWN OF THOMASTON, MAINE
Statement of Net Position
Proprietary Fund
June 30, 2019

Business-type Activities - Enterprise Fund		Pollution Control
ASSETS		
Current assets:		
Cash and cash equivalents	\$	190,700
Accounts receivable		196,556
Interfund receivable		56,005
Total current assets		443,261
Noncurrent assets:		
Pollution control capital assets, net of accumulated depreciation		9,743,235
Net noncurrent assets		9,743,235
Total assets	\$	10,186,496
LIABILITIES		
Current liabilities:		
Accounts payable		10,709
Accrued interest		29,072
Current portion of long-term debt		316,469
Total current liabilities		356,250
Long-term liabilities:		
Notes payable		3,482,790
Total long-term liabilities		3,482,790
Total liabilities		3,839,040
NET POSITION		
Net investment in capital assets		5,943,976
Unrestricted		403,480
Total net position	\$	6,347,456

See accompanying notes to basic financial statements.

TOWN OF THOMASTON, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the year ended June 30, 2019

Business-type Activities - Enterprise Fund		Pollution Control
Operating revenues:		
Charges for services	\$	581,940
Other income		19,367
Total operating revenues		601,307
Operating expenses:		
Salaries and benefits		88,869
Utilities		88,729
Administration		23,173
Maintenance		38,902
Miscellaneous		11,419
Lab operations		4,294
Transportation		1,389
Insurance		10,316
Sewer line connections and inspection		647
Depreciation		667,034
Total operating expenses		934,772
Operating loss		(333,465)
Nonoperating revenues (expenses):		
Investment income		143
Interest expense		(69,754)
Total nonoperating revenues (expenses)		(69,611)
Loss before transfers		(403,076)
Transfers:		
Transfer in from General Fund		50,000
Transfer in from TIF and non-TIF funds		181,899
Total transfers		231,899
Change in net position		(171,177)
Net position, beginning of year		6,518,633
Net position, end of year	\$	6,347,456

See accompanying notes to basic financial statements.

TOWN OF THOMASTON, MAINE
Statement of Cash Flows
Proprietary Fund
For the year ended June 30, 2019

Business-type Activities - Enterprise Fund		Pollution Control
Cash flows from operating activities:		
Receipts from customers and users	\$	560,951
Payments to suppliers		(211,879)
Payments to employees		(88,869)
Net cash provided by (used in) operating activities		260,203
Cash flows from investing activities:		
Investment income received		143
Net cash provided by (used in) investing activities		143
Cash flows from noncapital financing activities:		
Interfund transactions		187,992
Net cash provided by (used in) noncapital financing activities		187,992
Cash flows from capital and related financing activities:		
Principal paid on bond maturities		(310,576)
Interest paid on bonds		(71,510)
Acquisition of capital assets		(12,202)
Net cash provided by (used in) capital and related financing activities		(394,288)
Net increase (decrease) in cash		54,050
Cash and cash equivalents, beginning of year		136,650
Cash and cash equivalents, end of year	\$	190,700
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss		(333,465)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		667,034
Increase in receivables		(40,356)
Decrease in payables		(33,010)
Net cash provided by (used in) operating activities	\$	260,203

See accompanying notes to basic financial statements.

TOWN OF THOMASTON, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

		Agency Funds		
		Private-purpose Trust Funds	Shellfish Management Committee	4th of July
ASSETS				
Cash and cash equivalents	\$	157,301	123,350	49,513
Investments		900,623	-	-
Total assets		1,057,924	123,350	49,513
LIABILITIES				
Amounts held for others		-	123,350	49,513
Total liabilities		-	123,350	49,513
NET POSITION				
Held in trust for other purposes		1,057,924	-	-
Total net position	\$	1,057,924	-	-

See accompanying notes to basic financial statements.

TOWN OF THOMASTON, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2019

	Private- purpose Trust Funds
<hr/>	
Additions:	
Investment income:	
Interest	\$ 23,628
Net investment gains	31,436
Total additions	55,064
Deductions:	
Charity	11,207
Total deductions	11,207
Change in net position	43,857
Net position, beginning of year	1,014,067
Net position, end of year	\$ 1,057,924

See accompanying notes to basic financial statements.

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Thomaston, Maine is located in Knox County. It was incorporated in 1777 and operates under a Town Manager-Board of Selectmen form of government.

The financial statements of the Town of Thomaston, Maine have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by generally accepted accounting principles. This criterion defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, it was determined that there are no potential component units which should be included within the Town's financial statements.

Joint Ventures

The Town has entered into a joint venture with three other entities. This joint venture is considered to be a separate reporting entity and has not been included within the Town's financial statements. This joint venture is as follows:

Owls Head, South Thomaston, Thomaston Solid Waste Corp. - This entity operates a transfer facility for solid waste. The following communities are participants: Thomaston, Owls Head, and South Thomaston. Maine State Prison is also a participating member. The budget is prepared annually by the Owls Head, South Thomaston, Thomaston Solid Waste Corp. Manager. Costs are allocated between parties as follows:

Thomaston	44%
Owls Head	24%
South Thomaston	21%
Maine State Prison	11%

Financial information for this entity as of December 31, 2018 (latest available) and for the year then ended was reported as follows for all governmental funds:

Assets	\$ 443,954	Total revenues	\$ 556,951
Liabilities	26,688	Total expenditures	482,250
Net position	\$ 417,266		

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions, and segments. 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 or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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 year 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. Revenues are recognized as soon as 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due. Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town reports the following major governmental funds:

The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **TIF Fund** is a special revenue fund that accounts for property taxes dedicated under an approved credit enhancement agreement for specific uses.

The **Non-TIF Economic Development Fund** is a special revenue fund used to account for various economic development projects and initiatives.

The **Library Operating Fund** is a permanent fund that accounts for the operations of the Town's public library.

The Town reports the following major proprietary fund:

The **Pollution Control Fund** accounts for the operation of a pollution control system.

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund types:

Private-purpose trust funds are used to report the activity of bequests left for charitable payments and for scholarship awards. These assets are held by the Town in a trustee capacity, whereby the original bequest is preserved as nonexpendable and the accumulated interest earnings are available to provide for educational awards.

Agency funds account for assets held by the Town as an agent for individuals, private organizations, other governments, and/or funds. The Town serves as an agent for the Fourth of July and Shellfish Management Committee funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's pollution control fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as time deposits and certificates of deposits acquired by the Town. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are carried at fair value. For purposes of the statement of cash flows, all highly liquid investments are considered to be cash equivalents.

E. Short-term Interfund Receivables/Payables

During the year, loans may occur between individual funds for cash flow purposes. These receivables and payables are classified as "interfund receivables or payables" on the balance sheet.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. If material, interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the assets' estimated useful lives ranging from 5 to 50 years as follows:

<u>Assets</u>	<u>Years</u>
Buildings	40
Roads	40
Machinery and equipment	5-15
Pump stations	35-50
Sewer facility and lines	30-50
Vehicles	10-25

For all capital assets: buildings, vehicles, equipment, infrastructure and sewer related assets, the Town elects to use the depreciation approach as defined by GASB Statement No. 34 for reporting.

G. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as expenditures.

H. Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which are deferred and amortized over a five-year period.

I. Fund Equity

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the governmental funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of these resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The voters have the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. For assigned fund balance, management determines amounts to be carried forward for uncompleted projects authorized by the voters at Town Meeting for specific purposes in the General Fund at year-end based on department requests.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the government's policy to use committed or assigned resources first, and then unassigned resources as they are needed.

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures/expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

K. Comparative Data

Comparative total data for the prior period have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

L. Accrued Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Upon retirement, employees shall be compensated for up to 45 days of accumulated sick time at the daily rate at the time of retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Accrued compensated absences amounted to \$42,015 at June 30, 2019 and \$83,417 at June 30, 2018. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Pensions

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

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

N. Use of Estimates

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

The Town utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund. This budget is established in accordance with the various laws of the State of Maine, which governs the Town's operations. The budget has been prepared consistent with the modified accrual basis of accounting.

The level of control (level at which expenditures may not exceed budget) is the Town meeting warrant article level, however, the Selectmen have been given authorization (by Town meeting vote) to move up to 10% of the unexpended balances from various line items as needed to provide for the smooth transition of Town business.

All unexpended appropriations lapse at year end unless specific approval is granted at a Town meeting to carry such amounts forward.

Excess of Expenditures over Appropriations

For the year ended June 30, 2019, expenditures exceeded appropriations for the following:

Selectmen	\$ 24,018
Town manager	12,975
Finance	4,385
Administration	1,365
Contingency	882
Computer	1,454
Ambulance	32,030
Transfer station	609
Overlay/abatements	7,528
Ambulance billing	4,670
Computer and printers	240
Belvedere grant	19,204
Walmart tax appeal	33,878

Some of these over expenditures were offset with revenues and lapsed to fund balance.

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2019, the Town held deposits of \$559,367 with a bank balance of \$545,047. None of the Town's bank balances were exposed to custodial credit risk (amounts on deposit exceeded F.D.I.C. limits per banking institution) due to the balance being uninsured and uncollateralized.

B. Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

At June 30, 2019, the Town reported investments with the following maturities:

	Fair value	Less than 1 year	1-5 years	Over 5 years	Level 1 inputs
Corporate bonds	\$ 578,831	-	578,831	-	578,831
Mutual funds	357,978		not applicable		357,978
Equities/stock	1,637,763		not applicable		1,637,763
Repurchase agreements	4,356,553	4,356,553	-	-	4,356,553
Money markets/mutual funds (1)	408,493		not applicable		408,493
Total investments	\$ 7,339,618	4,356,553	578,831	-	7,339,618

(1) Mutual funds and money market funds are not considered securities and are exempt from the risk disclosure noted above.

Deposits and investments have been reported as either cash and cash equivalents or investments as follows:

Reported in governmental funds	\$ 6,477,498
Reported in proprietary fund	190,700
Reported in fiduciary funds	1,230,787
Total deposits and investments	\$ 7,898,985
Disclosed as deposits (above)	\$ 559,367
Disclosed as investments (above)	7,339,618
Total deposits and investments	\$ 7,898,985

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

Interest Rate Risk: The Town does not currently have a policy which limits the maturities of investments to certain time periods. However, it is the Town's general practice to deposit governmental and proprietary funds in short-term deposits. Excess governmental and proprietary funds on hand daily are swept by the banking institution into overnight repurchase agreements or indexed mutual funds. Only Library, Cemetery, and Charity funds are currently invested in longer term U.S. treasuries or equities (through a financial institution trust department).

Credit Risk: Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. As of June 30, 2019, the majority of the Town's investments are primarily in a repurchase agreement collateralized by U.S. treasuries. The Town's investments in corporate bonds (fixed income securities) were rated by Standard & Poor's as follows:

Air Lease Corp.	\$ 35,544	A
American Int'l Group	35,473	BBB+
Anglogold Ashanti Holdings	40,750	BB+
Barclays Bank PLC	34,910	A
Best Buy Inc.	41,682	A-
Block Financial	25,423	BBB
CNH Industrial Capital LLC	30,546	BBB
CVS Health Corp.	39,985	BBB+
Charter Communications	42,031	BBB-
LKQ Corp.	35,350	A-
Mead Johnson	25,226	A-
NVR Inc.	41,532	BBB+
National Fuel Gas	39,966	BBB+
Pentair Financa SA	39,975	BBB
QVC Inc.	30,452	BBB-
Qualcomm Inc.	39,986	A-

Custodial Credit Risk-Town's investments: For investments, custodial credit risk is the risk 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 the possession of an outside party. Of the Town's \$4,356,553 investment in repurchase agreements, 100% was collateralized by underlying securities held by the related bank, which were not in the Town's name.

PROPERTY TAX

Property taxes for the period were committed on October 11, 2018 on the assessed value listed as of April 1, 2018 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amounts raised in excess of 100% are referred to as overlay, and amounted to \$18,562 for the year ended June 30, 2019.

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

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 the tax liens and associated costs remain unpaid.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the period and in the first sixty days following the end of the fiscal period have been recorded as revenues. The remaining receivables have been recorded as unavailable revenues.

The following summarizes the levy:

	Year ended June 30, <u>2019</u>	Year ended June 30, <u>2018</u>
Assessed value	\$ 386,285,497	389,447,476
Tax rate (per \$1,000)	20.93	19.40
Commitment	8,084,955	7,555,281
Supplemental taxes assessed	125	1,075
Total levy	8,085,080	7,556,356
Less:		
Abatements (current year only)	6,560	10,205
Collections	7,509,110	7,027,323
Current taxes receivable	569,410	518,828
Taxes receivable--prior years (excluding liens)	146,898	109,251
Total taxes receivable - all years	\$ 716,308	628,079
Due dates	December 4, 2018 June 4, 2019	December 1, 2017 June 1, 2018
Interest rate on delinquent taxes--current period	8.00%	7.00%
Collection rate--current period	92.9%	93.1%

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 324,800	-	-	324,800
Construction in progress	61,813	-	26,547	35,266
Total capital assets not being depreciated	386,613	-	26,547	360,066
Capital assets, being depreciated:				
Land improvements	446,083	-	-	446,083
Buildings	3,324,341	26,547	-	3,350,888
Building improvements	2,347,282	-	-	2,347,282
Vehicles	2,104,910	-	-	2,104,910
Machinery and equipment	923,332	124,500	40,000	1,007,832
Infrastructure	7,344,970	830,887	-	8,175,857
Furniture and fixtures	74,298	-	-	74,298
Total capital assets being depreciated	16,565,216	981,934	40,000	17,507,150
Less accumulated depreciation for:				
Land improvements	245,358	8,303	-	253,661
Buildings	318,061	130,270	-	448,331
Building improvements	1,432,684	73,740	-	1,506,424
Vehicles	1,104,062	110,081	-	1,214,143
Machinery and equipment	781,551	51,200	33,896	798,855
Infrastructure	4,238,632	234,575	-	4,473,207
Furniture and fixtures	73,199	33	-	73,232
Total accumulated depreciation	8,193,547	608,202	33,896	8,767,853
Total capital assets being depreciated, net	8,371,669	373,732	(6,104)	8,739,297
Governmental activities capital assets, net	\$ 8,758,282	373,732	(32,651)	9,099,363

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 181,244
Public safety	96,145
Public works	319,444
Recreation and leisure	4,294
Library	7,075
Total depreciation expense – governmental activities	\$ 608,202

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
Business-type activities:				
Capital assets, not being depreciated:				
<u>Land</u>	\$ 713,982	-	-	713,982
Total capital assets not being depreciated	713,982	-	-	713,982
Capital assets, being depreciated:				
Vehicles	71,800	-	-	71,800
Machinery and equipment	109,905	12,202	7,875	114,232
Sewer lines	5,941,274	-	-	5,941,274
Sewer treatment facility	13,669,619	-	-	13,669,619
<u>Pump station</u>	767,327	-	-	767,327
Total capital assets being depreciated	20,559,925	12,202	7,875	20,564,252
Less accumulated depreciation for:				
Vehicles	27,252	5,808	-	33,060
Machinery and equipment	94,375	2,121	7,875	88,621
Sewer lines	1,703,224	123,132	-	1,826,356
Sewer treatment facility	8,698,056	500,203	-	9,198,259
<u>Pump station</u>	352,933	35,770	-	388,703
Total accumulated depreciation	10,875,840	667,034	7,875	11,534,999
Total capital assets being depreciated, net	9,684,085	(654,832)	-	9,029,253
Business-type activities capital assets, net	\$ 10,398,067	(654,832)	-	9,743,235

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Notes from direct borrowings	\$ 174,966	280,000	15,630	439,336	15,919
Net pension liability	487,865	-	157,627	330,238	-
Accrued compensated absences	83,417	-	41,402	42,015	-
Governmental activities long-term liabilities	\$ 746,248	280,000	214,659	811,589	15,919
Business-type activities:					
Notes from direct borrowings	\$ 4,109,835	-	310,576	3,799,259	316,469
Business-type activities long-term liabilities	\$ 4,109,835	-	310,576	3,799,259	316,469

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

Notes from direct borrowings at June 30, 2019 are comprised of the following:

	<u>Issue date</u>	<u>Maturity date</u>	<u>Amount issued</u>	<u>Rate</u>	<u>Balance June 30, 2019</u>
Governmental activities:					
Note (MMBB)	5/24/12	11/1/27	\$ 250,000	0.86-1.03%	159,336
Note (MMBB)	5/23/19	11/1/39	280,000	1.72-3.76%	280,000
Total governmental activities					439,336
Business-type activities:					
2001 Wastewater note (MMBB)	6/25/01	4/1/21	2,528,500	2.37%	319,392
2012 Wastewater note	11/7/12	11/7/40	1,099,000	2.75%	928,181
2015 Refunding note	5/18/15	6/1/35	2,030,000	0.15%	1,628,854
2016 Wastewater note	1/14/16	1/14/44	1,000,000	2.50%	922,832
Total business-type activities					3,799,259
Total notes					\$ 4,238,595

The annual requirements to amortize all debt outstanding as of June 30, 2019 are as follows:

<u>June 30,</u>	<u>Governmental activities</u>			<u>Business-type activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 15,919	12,262	28,181	316,469	58,609	375,078
2021	27,330	12,285	39,615	322,518	53,189	375,707
2022	27,915	11,681	39,596	162,368	47,625	209,993
2023	28,547	11,030	39,577	164,137	45,856	209,993
2024	29,226	10,331	39,557	165,949	44,044	209,993
2025-2029	138,360	38,177	176,537	858,508	191,458	1,049,966
3030-2034	70,525	23,541	94,066	910,934	139,031	1,049,965
3035-2039	83,040	11,026	94,066	556,805	80,737	637,542
2040-2044	18,474	6,570	25,044	341,571	22,243	363,814
Total	\$ 439,336	136,903	576,239	3,799,259	682,792	4,482,051

DEBT LIMITATION

The Town is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the Town. At June 30, 2019, the Town was well within the statutory limit for all categories.

OVERLAPPING DEBT

In addition to the notes from direct borrowings, the Town is contingently responsible for the following overlapping debt as of June 30, 2019:

<u>Governmental Unit</u>	<u>Net debt outstanding</u>	<u>Applicable to Thomaston</u>	<u>Town of Thomaston's share of debt</u>
RSU #13	\$ 22,368,442	18.99%	\$ 4,247,767
Knox County	3,623,583	4.82%	174,777

The Town's proportionate share of this debt is paid through annual assessments.

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

INTERFUND BALANCES AND TRANSFERS

As of June 30, 2019, the balances of interfund loans receivable/payable and fund transfers were as follows:

<u>Fund</u>	<u>Interfund transfers in</u>	<u>Interfund transfers out</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	134,410	-	2,029,364
TIF Fund	-	78,762	610,576	-
Non-TIF Economic Development Fund	-	103,137	1,221,024	-
Library Operating Fund	65,410	-	-	-
Nonmajor Governmental Funds:				
Thomaston Green Fund	-	-	5,249	-
CDBG Loan Fund	-	-	136,510	-
Cemetery Fund	19,000	-	-	-
Proprietary Fund:				
Pollution Control	231,899	-	56,005	-
Totals	\$ 316,309	316,309	2,029,364	2,029,364

FUND BALANCE

The General Fund unassigned fund balance total of \$1,447,639 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balance totaling (\$8,209) is also reported for the TIF Fund.

As of June 30, 2019, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
IUUAL refund	\$ -	-	123,828	-
Carryforward balances	-	-	-	587,751
Reserves	-	-	-	510,223
TIF Fund	-	618,785	-	-
Non-TIF Economic Development	-	1,221,024	-	-
Library Operating Fund	66,609	1,111,749	-	-
Nonmajor Governmental Funds:				
Thomaston Green Fund	-	5,249	-	-
CDBG Loan Fund	-	136,500	-	-
Permanent Funds	259,618	659,648	-	-
Totals	\$ 326,227	3,752,955	123,828	1,097,974

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

FUND BALANCE, CONTINUED

Fund balances in the General Fund have been assigned for future periods as follows:

	<u>June 30, 2019</u>
Assigned:	
Carryforward balances:	
Administration	\$ 298,382
Public infrastructure/maintenance	58,275
Equipment	29,841
Sam Watts portrait	755
Sam Watts Trust	1,901
Redevelopment	160
Watts Hall capital	5,183
Senior citizens reimbursement	280
Planning commission	1,200
Rec community events	3,056
Police training	12,049
Police ammunition	1,389
Fire station heating	4,641
General assistance	2,922
Social services	1,710
Landscaping	986
Informed growth	791
Kevin MoHolland - rec	400
Heating oil donations	300
Ambulance training agreement	2,807
Rec dept. donations	48
EMA workplan	22,922
July 4th	10,000
Wal-Mart fire dept. grant	1,015
Gazebo	5,000
Public landing	4,000
Float maintenance	965
Facility maintenance	1,370
Boat/trailer maintenance	400
Protective clothing	7,165
EMA workplan	4,043
Dry hydrants	1,000
Watt's Hall Electric	1,100
Health insurance	100,000
Watts Hall rentals	900
Belvedere historic grant WH	795
Reserve accounts:	
Salt shed	825
Capital improvement	57,465
Police cruiser	15,900
Ambulance	25,306
Dump truck	143

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

FUND BALANCE, CONTINUED

Fire apparatus	\$ 156,945
Academy building	58,414
Sidewalk	838
Recreation center	8,246
Drainage	7,107
Computer	81,224
Skateboard park	4,627
Watts Hall voting	108
Backhoe	1
Municipal facilities	93,074
Total assigned fund balance	\$ 1,097,974

ECONOMIC DEPENDENCY

Approximately one-fifth of the Town's current tax commitment was levied to Dragon Products, a cement plant with substantial amounts of real and personal property within the Town of Thomaston, Maine.

DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, through the International City Management Association (ICMA). The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the plan are automatically placed in trust for the exclusive benefit of participants and their beneficiaries by ICMA.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS) - CONSOLIDATED RETIREMENT PENSION PLAN

General Information about the Pension Plan

Plan Description - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at www.mainebers.org.

Benefits Provided - The PLD Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014).

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions.

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Employees are required to contribute 8.0% of their annual pay. The Town's contractually required contribution rates for the year ended June 30, 2019, were 10.0% of annual payroll for the regular AC Plan, and 10.5% of annual payroll for the Special 2C Plan. Contribution rates are actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$67,810 for the year ended June 30, 2019.

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

At June 30, 2019, the Town reported a liability of \$330,238 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2018, the Town's proportion was 0.1207%.

For the year ended June 30, 2019, the Town recognized pension gain of \$60,102. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	2,593
Changes in assumptions	52,708	-
Net difference between projected and actual earnings on pension plan investments	-	79,739
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,837	-
Town contributions subsequent to the measurement date	67,810	-
Total	\$ 127,355	82,332

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

\$67,810 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2020	\$ 48,124
2021	3,946
2022	(54,246)
2023	(20,611)

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	2.75% to 9.00% per year
Investment return	6.75% per annum, compounded annually
Cost of living benefit increases	1.91% per annum

For active members and non-disabled retirees, the mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, was used.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

The long-term expected rate of return on pension plan investments 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 asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US government	7.5%	2.3%
Private equity	15.0%	7.6%
Real 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%
Total	100.0%	

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts 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 of current active and inactive employees. 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 Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town's proportionate share of the net pension liability	\$ 778,328	\$ 330,238	\$ 88,602

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2019.

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, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in several public entities and self-insured risk pools sponsored by the Maine Municipal Association.

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

TAX INCREMENT FINANCING DISTRICTS

The Town currently has two tax increment financing (TIF) districts, both of which were active during the year ended June 30, 2019. The objective of these TIF districts is to stimulate new investment in the community by financing, through various tax increment financing projects, various public improvements. Taxes derived from increased assessed valuation within the districts can be "captured" for approved uses. The Town of Thomaston, Maine accounts for all activity of the TIF districts, including captured taxes and expenditures for approved purposes, in a Special Revenue Fund. Expenditures in any given year may exceed captured values in that year as a result of balances available in TIF accounts from prior periods.

TOWN OF THOMASTON, MAINE
Notes to Basic Financial Statements, Continued

TAX INCREMENT FINANCING DISTRICTS, CONTINUED

The following is a brief description of each:

#1 Dragon Products Company Development District – This TIF was established in 2004. The tax increment “captured” will be used for fire safety and sewer improvement projects. During the year ended June 30, 2019, \$829,709 has been captured under this agreement, \$663,767 has been expended under a Credit Enhancement Agreement, and \$118,762 had been expended by the Town. Cumulative fund balance of this TIF at June 30, 2019 was \$618,785.

#2 Thomaston Green Downtown Revitalization Municipal Development District – This TIF was established March 31, 2009. The tax increment “captured” will be used for the activities approved in the development program. During the year ended June 30, 2019, \$23,055 was captured under this agreement and \$20,847, was expended. Cumulative fund deficit at June 30, 2019 was (\$8,209).

NET INVESTMENT IN CAPITAL ASSETS

Net position represents the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town’s net investment in capital assets was calculated as follows at June 30, 2019:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital assets	\$ 17,867,216	21,278,234
Accumulated depreciation	(8,767,853)	(11,534,999)
Notes from direct borrowings	(439,336)	(3,799,259)
<u>Total investment in capital assets</u>	<u>\$ 8,660,027</u>	<u>5,943,976</u>

TOWN OF THOMASTON, MAINE
Required Supplementary Information

Schedule of Town's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan

Last 10 Fiscal Years*

	<u>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
Town's proportion of the net pension liability	0.1207%	0.1192%	0.1118%	0.1194%	0.1127%
Town's proportionate share of the net pension liability	\$ 330,238	487,865	594,145	381,085	188,778
Town's covered payroll	685,679	653,030	589,576	613,955	613,955
Town's proportionate share of the net pension liability	48.16%	74.71%	100.77%	62.07%	30.75%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	81.61%	88.27%	94.10%

** This schedule is intended to show information for ten years, but only five years' of information is available. Additional years' information will be displayed as it becomes available.*

***The amounts presented for each fiscal year were determined as of the prior fiscal year.*

TOWN OF THOMASTON, MAINE
Required Supplementary Information, Continued

Schedule of Town's Contributions
Maine Public Employees Retirement System Consolidated Plan

Last 10 Fiscal Years*

		2019*	2018*	2017*	2016*	2015*
Contractually required contribution	\$	67,810	66,985	61,072	52,472	48,825
Contributions in relation to the contractually required contributions		(67,810)	(66,985)	(61,072)	(52,472)	(48,825)
Contributions deficiency (excess)	\$	-	-	-	-	-
Town's covered payroll	\$	668,225	685,679	653,030	589,576	613,955
Contributions as a percentage of covered payroll		10.15%	9.77%	9.35%	8.90%	7.95%

** This schedule is intended to show information for ten years, but only five years' of information is available. Additional years' information will be displayed as it becomes available.*

TOWN OF THOMASTON, MAINE
Notes to Required Supplementary Information

Last 10 Fiscal Years*

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.750%	6.875%	7.125%	7.25%
Inflation rate	2.75%	2.75%	3.50%	N/A
Salary increases	2.75% - 9.00%	2.75% - 9.00%	3.50% - 9.50%	N/A
Cost of living increases	1.91%	2.20%	2.55%	3.12%

Mortality rates:

In 2015 mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

GENERAL FUND

The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays general operating expenditures, fixed charges, and capital improvements costs which are not paid through other funds.

TOWN OF THOMASTON, MAINE
General Fund
Comparative Balance Sheets
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 23,340	26,138
Investments	4,356,552	4,029,841
Receivables:		
Taxes	716,308	628,079
Tax liens	157,243	138,981
Accounts, net of allowance (\$97,325 and \$118,086, respectively)	256,115	130,302
Total assets	\$ 5,509,558	4,953,341
LIABILITIES		
Accounts payable and accrued expenses	128,084	62,416
Taxes collected in advance	24,669	22,942
Interfund payables	2,029,364	1,834,227
Total liabilities	2,182,117	1,919,585
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	658,000	495,000
Total deferred inflows of resources	658,000	495,000
FUND BALANCES		
Committed	123,828	192,353
Assigned	1,097,974	1,170,772
Unassigned	1,447,639	1,175,631
Total fund balances	2,669,441	2,538,756
Total liabilities, deferred inflows of resources, and fund balance	\$ 5,509,558	4,953,341

TOWN OF THOMASTON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the year ended June 30, 2019 (with comparative actual amounts for 2018)

	2019			2018 Actual
	Final Budget	Actual	Variance positive (negative)	
Revenues:				
Taxes:				
Property taxes	\$ 7,232,193	7,232,192	(1)	6,773,722
Change in unavailable taxes	-	(163,000)	(163,000)	(27,898)
Supplementals	-	124	124	1,075
Interest and costs on taxes	41,000	34,093	(6,907)	32,502
Excise:				
Motor vehicle	482,000	526,709	44,709	504,778
Recreation	4,000	3,910	(90)	3,874
Total taxes	7,759,193	7,634,028	(125,165)	7,288,053
Licenses, permits and fees	32,270	42,395	10,125	39,081
Intergovernmental:				
State revenue sharing	172,394	178,561	6,167	158,111
Homestead exemption	184,283	169,908	(14,375)	130,630
Local road assistance	24,572	24,700	128	24,916
General assistance reimbursement	7,000	3,662	(3,338)	5,306
Gas tax refund	5,000	1,724	(3,276)	1,783
Veteran's exemption	3,000	3,450	450	3,729
Snowmobile reimbursement	400	271	(129)	331
Tree growth	1,500	1,229	(271)	1,137
PERC performance credit	-	363,441	363,441	58,895
Safe Routes to School grant	-	97,720	97,720	-
BETE reimbursements	101,138	75,955	(25,183)	89,216
FEMA grant	-	14,257	14,257	-
Northern Borders Regional Commission grant	-	208,341	208,341	-
Total intergovernmental	499,287	1,143,219	643,932	474,054
Charges for services:				
Stump dump fees	9,500	7,799	(1,701)	8,690
Ambulance	-	58,184	58,184	103,367
Total charges for services	9,500	65,983	56,483	112,057
Investment income:				
Interest earned - reserve accounts	-	2,219	2,219	1,023
Other interest income, net	2,700	6,714	4,014	2,453
Total investment income	2,700	8,933	6,233	3,476
Other revenues:				
Rental income	25,000	37,727	12,727	32,228
Ammunition grant reimbursement	-	-	-	215
Shellfish administration	-	4,454	4,454	2,227
Fire Department income	-	60	60	566
Utility reimbursement-tenants	5,000	5,067	67	4,973
Cable television franchise fee	25,000	24,286	(714)	22,497
Tower lease	17,457	29,405	11,948	26,657
Samuel Watts Fund	-	3,430	3,430	3,140
Reimbursement - pollution control - public works	-	-	-	65,470
Reimbursement - insurance	-	4,434	4,434	3,498
MMA workers comp refund	-	6,008	6,008	4,423
Belvedere historic energy grant	-	20,000	20,000	-
Dragon gazebo grant	-	1,000	1,000	-
Miscellaneous	500	10,617	10,117	13,672
Total other revenues	72,957	146,488	73,531	179,566
Total revenues	8,375,907	9,041,046	665,139	8,096,287

TOWN OF THOMASTON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual, Continued

	2019		Variance positive (negative)	2018 Actual
	Final Budget	Actual		
Expenditures:				
Current:				
General government:				
Selectmen	\$ 22,850	46,868	(24,018)	39,137
Town manager	150,594	163,569	(12,975)	152,358
Clerk's office	45,375	44,522	853	41,514
General office	33,800	31,421	2,379	28,030
Finance	61,944	66,329	(4,385)	63,145
Administration	19,661	21,026	(1,365)	17,495
Contingency	1,200	2,082	(882)	839
Computer	35,250	36,704	(1,454)	34,612
Code enforcement	52,399	50,597	1,802	49,652
Assessor	46,835	41,914	4,921	50,768
Planning board	-	-	-	85
Total general government	469,908	505,032	(35,124)	477,635
Municipal buildings:				
Watts Block	49,000	47,471	1,529	53,706
Academy buildings	40,700	34,796	5,904	35,016
Total municipal buildings	89,700	82,267	7,433	88,722
Public safety:				
Fire department	130,580	126,025	4,555	114,735
Police department	378,701	329,439	49,262	392,272
Protection and safety	215,923	211,258	4,665	211,736
Total public safety	725,204	666,722	58,482	718,743
Public works				
	518,288	503,744	14,544	472,138
Health and welfare:				
Ambulance	205,859	237,889	(32,030)	254,038
Transfer station	250,000	250,609	(609)	247,422
General assistance	12,000	7,554	4,446	9,999
Total health and welfare	467,859	496,052	(28,193)	511,459
Education - RSU No. 13				
	4,445,302	4,445,302	-	4,057,171
Intergovernmental - county tax				
	468,774	468,774	-	450,349
Recreation and leisure				
	105,162	88,840	16,322	78,086
Local agencies				
	14,225	12,992	1,233	18,914
Employee benefits				
	515,469	472,422	43,047	475,926
Unclassified:				
Overlay/abatements	18,562	26,090	(7,528)	10,205
Insurances	48,100	39,730	8,370	39,015
Public restrooms	2,500	1,255	1,245	1,426
Ambulance billing	-	4,670	(4,670)	6,578
Computer and printers	1,425	1,665	(240)	255
Memberships	4,500	3,985	515	4,483
Regional Planning Commission	600	600	-	-
Maine Service Coalition	500	500	-	500
Fourth of July	10,000	10,000	-	10,000
Flags	1,000	-	1,000	-
Midcoast Economic Development District	3,476	3,476	-	3,476
Comprehensive plan	-	-	-	3,371
Tidelands coalition	1,500	-	1,500	-
Shellfish management	3,000	3,000	-	3,000
Belvedere grant	-	19,204	(19,204)	-
Walmart tax appeal	-	33,878	(33,878)	-
Total unclassified	95,163	148,053	(52,890)	82,309

TOWN OF THOMASTON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual, Continued

	2019			2018 Actual
	Final Budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Capital outlays:				
Paving projects	\$ 120,000	120,000	-	174,384
Police cruisers	-	-	-	24,187
Sidewalk replacement	20,000	20,000	-	30,681
Computers	-	5,517	(5,517)	1,367
Ambulance	-	-	-	167,000
Protective clothing	9,200	10,498	(1,298)	7,600
EMA work plan	4,043	-	4,043	1,455
Fire equipment	3,200	2,835	365	2,580
Streetscape phase II plan	-	586,061	(586,061)	8,493
Fire equipment - computers	-	-	-	1,000
Dump truck	-	70,891	(70,891)	84,121
Municipal facilities	49,137	109,296	(60,159)	67,132
Dry hydrants	1,000	-	1,000	-
Gazebo	5,000	456	4,544	-
Backhoe	140,000	499	139,501	-
Thermal camera and replacement hose	40,000	-	40,000	-
Expended from assigned fund balance amounts:				
Administration	-	67,544	(67,544)	21,768
EMA workplan	-	7,825	(7,825)	4,043
Recreation community events	-	1,100	(1,100)	1,856
Public infrastructure	-	163,229	(163,229)	77,260
Raised to increase reserves (assigned fund balances):				
Academy building	15,000	-	15,000	-
Ambulance	25,000	-	25,000	-
Dump truck	30,000	-	30,000	-
Computers	10,000	-	10,000	-
Police cruiser	14,000	-	14,000	-
Municipal facilities	50,000	-	50,000	-
Fire apparatus	30,000	-	30,000	-
Total capital outlays	565,580	1,165,751	(600,171)	674,927
Total expenditures	8,480,634	9,055,951	(575,317)	8,106,379
Excess (deficiency) of revenues over (under) expenditures	(104,727)	(14,905)	89,822	(10,092)

TOWN OF THOMASTON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual, Continued

	2019			2018 Actual
	Final Budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Transfers out - pollution control fund	\$ (50,000)	(50,000)	-	(50,000)
Transfers out - library operating fund	(65,410)	(65,410)	-	(65,410)
Transfers out - cemetery fund	(19,000)	(19,000)	-	(19,000)
Bond proceeds	-	280,000	280,000	-
Use of fund balance	239,137	-	(239,137)	-
Total other financing sources (uses)	104,727	145,590	40,863	(134,410)
Net change in fund balances	-	130,685	130,685	(144,502)
Fund balance, beginning		2,538,756		2,683,258
Fund balance, ending	\$	2,669,441		2,538,756

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF THOMASTON, MAINE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Nonmajor		Nonmajor		Totals
	Special Revenue Fund		Permanent Funds		
	Thomaston Green Fund	CDBG Loan Fund	Library Book Fund	Cemetery Fund	
ASSETS					
Cash and cash equivalents	\$ -	-	1,419	12,800	14,219
Investments	-	-	396,533	508,514	905,047
Interfund receivables	5,249	136,510	-	-	141,759
Total assets	\$ 5,249	136,510	397,952	521,314	1,061,025
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	10	-	-	10
Total liabilities	-	10	-	-	10
Fund balances:					
Nonspendable, principal	-	-	97,172	162,446	259,618
Restricted	5,249	136,500	300,780	358,868	801,397
Total fund balances	5,249	136,500	397,952	521,314	1,061,015
Total liabilities and fund balances	\$ 5,249	136,510	397,952	521,314	1,061,025

TOWN OF THOMASTON, MAINE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

	Nonmajor		Nonmajor		Total
	Special Revenue Fund		Permanent Funds		
	Thomaston Green Fund	CDBG Loan Fund	Library Book Fund	Cemetery Fund	
Revenues:					
Charges for services	\$ -	-	714	17,475	18,189
Investment income	19	-	20,972	31,663	52,654
Other revenues	-	-	5,949	6	5,955
Total revenues	19	-	27,635	49,144	76,798
Expenditures:					
Current:					
Library	-	-	17,228	-	17,228
Cemetery	-	-	-	61,506	61,506
Total expenditures	-	-	17,228	61,506	78,734
Excess (deficiency) of revenues over (under) expenditures	19	-	10,407	(12,362)	(1,936)
Other financing sources:					
Transfers from other funds	-	-	-	19,000	19,000
Total other financing sources	-	-	-	19,000	19,000
Net change in fund balances	19	-	10,407	6,638	17,064
Fund balances, beginning of year	5,230	136,500	387,545	514,676	1,043,951
Fund balances, end of year	\$ 5,249	136,500	397,952	521,314	1,061,015

PRIVATE-PURPOSE TRUST FUNDS

Private-purpose Trust Funds are established to account for assets received by the Town and held in a fiduciary capacity as trustee or agent.

TOWN OF THOMASTON, MAINE
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2019

	Dietz Scholarship Fund	Charity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 62,197	95,104	157,301
Investments	-	900,623	900,623
Total assets	\$ 62,197	995,727	1,057,924
NET POSITION			
Held in trust for other purposes	62,197	995,727	1,057,924
Total net position	\$ 62,197	995,727	1,057,924

TOWN OF THOMASTON, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2019

	Dietz Scholarship Fund	Charity Fund	Total
Additions:			
Investment income:			
Interest	\$ 192	23,436	23,628
Net investment gains	-	31,436	31,436
Total additions	192	54,872	55,064
Deductions:			
Charity	-	11,207	11,207
Total deductions	-	11,207	11,207
Change in net position	192	43,665	43,857
Net position, beginning of year	62,005	952,062	1,014,067
Net position, end of year	\$ 62,197	995,727	1,057,924

AGENCY FUNDS

Agency funds account for assets and liabilities the Town holds on behalf of other entities. Currently the Town's agency fund represents assets held for the Fourth of July Activity Committee and the Shellfish Management Committee.

TOWN OF THOMASTON, MAINE
Agency Funds
Schedule of Changes in Assets
For the year ended June 30, 2019

	Shellfish Management Committee	4th of July
Assets, June 30, 2018	\$ 88,027	38,841
Additions:		
Contributions	-	20,144
Shellfish management fees	82,976	-
Interest	-	139
Total asset additions	82,976	20,283
Deductions:		
Fireworks	-	9,611
Shellfish management expenses	47,653	-
Total asset deductions	47,653	9,611
Assets, June 30, 2019	\$ 123,350	49,513