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Town of Shapleigh Maine Audited Financial Report for the Year Ending December 31, 2018

Shapleigh, Me.

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**TOWN OF SHAPLEIGH, MAINE
AUDITED FINANCIAL STATEMENTS**

**REQUIRED SUPPLEMENTARY INFORMATION
AND
OTHER SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2018

TOWN OF SHAPLEIGH, MAINE
AUDITED FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION
AND
OTHER SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
<u>FINANCIAL STATEMENTS</u>	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis (Unaudited)	3 - 8
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	9
Statement of Activities	10
<i>Fund Financial Statements:</i>	
Governmental Funds:	
Balance Sheet	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	12
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Basic Financial Statements	14 - 22
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedule – General Fund	23 - 26
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Independent Auditors' Report on Other Supplementary Information	27
<i>Combining Financial Statements:</i>	
Other Governmental Funds (Permanent Funds):	
Balance Sheet	28
Statement of Revenues, Expenditures, and Changes in Fund Balances	29
Summary of Taxation	30

INDEPENDENT AUDITORS' REPORT



February 22, 2019

Board of Selectmen
Town of Shapleigh, Maine

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

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Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 23 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2019 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Cummings, Lamont & McNamee, PLLC

Certified Public Accountants

Kennebunk, Maine

Management's Discussion and Analysis (Unaudited)

The following discussion and analysis of the Town of Shapleigh's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2018 and is intended to serve as an introduction to the Town's basic financial statements. Please read it in conjunction with the financial statements and the accompanying notes to those financial statements, which follow this section.

Financial Highlights

- The Town's total net position increased by \$497,268 to \$10,603,968.
- Net capital assets increased by \$65,031 to \$5,645,630.
- General revenues accounted for \$6,665,392 in revenue, or 96.4% of all revenues. Program specific revenues consisting of charges for services and grants and contributions accounted for \$250,047 in revenue, or 3.6% of \$6,915,439, in total revenues.
- At December 31, 2018 the Town reported fund balances of \$4,624,338. The Town's fund balance is as follows:
 - Restricted - \$419,671 - primarily from state revenue sharing and Urban Rural Initiative Program funds.
 - Committed - \$1,988,028- see Note 8 to the financial statements, and page 11
 - Assigned - \$473,380 - see Note 8 to the financial statements
 - Unassigned - \$1,614,252 - available for any purpose
 - Nonspendable - \$129,007 – trust principal which cannot be spent.

Overview of the Financial Statements

Below is a brief discussion of the basic financial statements, including the relationships of the statements to each other and the significant differences in the information they provide. The Town's basic financial statements are comprised of three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements, and
- 3) Notes to the Financial Statements

This report also contains both required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The Government-wide Financial Statements include two main basic financial statements in accordance with Statement No. 34 of the Governmental Accounting Standards Board (GASB). The first is the *Statement of Net Position*, and the second is the *Statement of Activities*. These two statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Both report information about the Town as a whole and about its activities during the fiscal year using the accrual basis of accounting used by most private-sector companies.

The *Statement of Net Position* is designed to present information on all of the Town's assets and liabilities, with the difference between the two reported as Net Position. Infrastructure (roads, bridges etc.) are town assets if constructed and owned by a town, or are maintained by the town. GASB Statement No. 34, however, does not require the Town to retroactively report infrastructure as assets, thus all infrastructure acquired or constructed prior to January 1, 2004 is not reported in the *Statement of Net Position*. Increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other factors also need to be considered as well, such as changes in the Town's property tax base, the condition of the Town's infrastructure, and the annual amount of State funding for education.

The second Government-wide Financial Statement is the *Statement of Activities* which reports how the Town's Net Position changed during the current fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. This Statement shows the total cost of departmental services (i.e. the cost of departmental services less the revenues generated by those departments), that are funded by tax revenues, state aid, and other unrestricted revenues.

Fund Financial Statements

A *Fund* is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's funds, rather than the Town as a whole.

Most of the Town's basic services are reported in *Governmental Funds* which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending, normally in the next fiscal year. These funds are reported using an accounting method called modified accrual accounting, which only measures cash and other financial assets which can be readily converted to cash, thus fixed assets (land, buildings, equipment etc.) are not included as assets. These Governmental Fund financial statements therefore present a short-term view of the Town's general government operations and what is available to be spent in the near future. The Town's only major fund is the General Fund.

Since the *Government-wide Statements* focus on a long-term view and the *Fund Statements* focus on a shorter-term (yearly budget) view, we are required by GASB Statement No. 34 to present a reconciliation following each Governmental Fund statement.

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.

Financial Analysis of the Town as a Whole

The *Statement of Net Position* provides the perspective of the Town as a whole.

The Town's net position at fiscal year-end was \$10,603,968. This includes current assets (primarily cash, investments and taxes receivable), the cost (less accumulated depreciation) of all of the buildings and equipment, land owned by the Town (valued at historical cost, or an estimate thereof), infrastructure acquired after December 31, 2003 (less accumulated depreciation), less current and long-term debt. Changes in net position from year-to-year may be observed to analyze changing financial positions of the Town as a whole.

The following table provides a summary of the Town's net position:

	December 31,	
	<u>2018</u>	<u>2017</u>
Current assets	\$ 5,001,391	\$ 4,614,732
Capital assets (net)	<u>5,645,630</u>	<u>5,580,599</u>
Total Assets:	<u>10,647,021</u>	<u>10,195,331</u>
Current liabilities	43,053	88,631
Long term liabilities	-	-
Total Liabilities:	<u>43,053</u>	<u>88,631</u>
Net Position:		
Net Investment in capital assets	5,645,630	5,580,599
Restricted	548,678	476,338
Unrestricted	<u>4,409,660</u>	<u>4,049,763</u>
Total Net Position	\$ <u>10,603,968</u>	\$ <u>10,106,700</u>

Current assets primarily consist of the Town's cash, taxes receivable, and its trust funds' investments.

A large portion of the Town's Net Position reflects investment in capital assets (i.e., the Town Hall, fire station, library, emergency equipment, and Town owned land, primarily); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to its citizens; consequently these assets are not available as a source for future spending. Unrestricted net position may be used to meet the Town's ongoing obligations to its creditors.

The *Statement of Activities* 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 periods such as uncollected taxes and, should the need ever occur, earned but unused compensated absences.

**Changes in Net Position
Governmental Activities
For the years ended December 31,**

	<u>2018</u>	<u>2017</u>
Net Position, Beginning of Year	\$ <u>10,106,700</u>	\$ <u>9,554,935</u>
Revenues		
Program Revenues:		
Charges for services	183,575	260,859
Operating and capital grants and contributions	66,472	67,099
General Revenues:		
Property taxes	5,789,625	5,580,558
Excise taxes	640,524	590,569
Grants and contributions not restricted to specific programs (losses)	189,965	156,516
Investment earnings	59,441	36,762
Security gains (losses)	(19,479)	6,867
Gain on disposal of assets	450	35,125
Miscellaneous	<u>4,866</u>	<u>3,398</u>
Total Revenues	<u>6,915,439</u>	<u>6,737,753</u>
Program Expenses		
Education	3,961,345	3,791,321
Public works	740,746	736,693
General government	562,165	573,498
Solid waste management	291,034	270,233
County tax	280,017	274,334
Public safety	458,230	415,488
Unclassified	118,167	112,204
Social services	<u>6,467</u>	<u>12,217</u>
Total Expenses	<u>6,418,171</u>	<u>6,185,988</u>
Increase in Net Position	<u>497,268</u>	<u>551,765</u>
Net Position, End of Year	\$ <u>10,603,968</u>	\$ <u>10,106,700</u>

The table below shows the total cost and the net cost of services of the Town's governmental activities. The Town has no business-type activities. The net cost identifies the cost of these services which are supported by property and excise taxes, unrestricted grants and contributions, and interest earnings, after deducting for departmental revenues and operating and capital grants from the State and other sources.

Governmental Activities

	2018				2017			
	Total Cost of Services	%	Net Cost of Services	%	Total Cost of Services	%	Net Cost of Services	%
Education	\$ 3,961,345	61.7	\$ 3,961,345	64.2	\$ 3,791,321	61.3	\$ 3,791,321	64.7
Public Works	740,746	11.5	674,634	10.9	736,693	11.9	669,741	11.4
General								
Government	562,165	8.8	506,497	8.2	573,498	9.3	517,304	8.8
Solid Waste								
Management	291,034	4.5	269,477	4.4	270,233	4.4	245,794	4.2
County Tax	280,017	4.4	280,017	4.5	274,334	4.4	274,334	4.7
Public Safety	458,230	7.1	382,869	6.2	415,488	6.7	252,414	4.3
Unclassified	118,167	1.8	86,818	1.4	112,204	1.8	94,905	1.6
Social Services	6,467	0.1	6,467	0.1	12,217	0.2	12,217	0.2
Total Expenses	\$ <u>6,418,171</u>	<u>100.0</u>	\$ <u>6,168,124</u>	<u>100.0</u>	\$ <u>6,185,958</u>	<u>100.0</u>	\$ <u>5,858,030</u>	<u>100.0</u>

General Fund Budgetary Highlights

Expenditures:

The table below shows the Town's original and adjusted budgets for various departments and functions for the year ended December 31, 2018. The original budget was approved by Town residents at the Annual Town Meeting held on March 10, 2018. The adjusted budget also reflects expenditures in the current fiscal year from carryover amounts approved by voters at a Special Town meeting, certain revenues and from certain accumulated receipts. The table also shows actual expenditures for each department and function as well as the variance between the budget and actual expenditures for each category. The Town considers a variance to be significant if it exceeds \$15,000 and 15% of the adjusted budget.

General Fund Department/Function Expenditures	Original Budget	Adjusted Budget	Actual Expenditures	Variance	
				Amount	%
General Government	\$ 624,171	\$ 624,171	\$ 553,417	\$ 70,754	11.34
Public Works	826,620	882,874	811,580	71,294	8.08
Solid Waste Management	280,000	280,000	288,014	(8,014)	(2.86)
Social Services	6,467	6,467	6,467	-	-
Public Safety	524,930	588,195	466,333	121,862	20.72
Education	3,961,345	3,961,345	3,961,345	-	-
County Tax	280,017	280,017	280,017	-	-
Unclassified	<u>223,421</u>	<u>234,342</u>	<u>113,679</u>	<u>120,663</u>	<u>51.49</u>
Total Expenditures	\$ <u>6,726,971</u>	\$ <u>6,857,411</u>	\$ <u>6,480,852</u>	\$ <u>376,559</u>	<u>5.49</u>

As can be seen, all of the Department/Function expenditures of the Town came in at or under budget except for Solid Waste Management which came in \$8,014 or 2.86% over budget.

The more significant variances are explained as follows:

The large variance in the Public Safety was due primarily to three factors:

- The Rescue Squad had \$20,000 voted to be placed in a Medical Staffing Reserve Account (funded from the Ambulance Service Account) which was not spent in 2018. In addition to this, Rescue Squad expenses came in under budget.
- \$30,000 was budgeted to be placed in the Fire Truck Reserve, which was done. However, since the money was not actually spent on a truck, it cannot be considered as an expense this year.
- Fire Department General Maintenance came in \$17,416 under budget primarily due to maintenance and repairs coming in under budget.

Four items in the Unclassified budget account for the majority of the variance noted above. Overlay, which is raised to provide a cushion for abatements was budgeted at \$34,901, however, only \$6,315 in abatements were granted. Also, \$20,000, \$20,000 and \$25,000 were budgeted to be placed in the Bridge Repair Reserve, Solar Energy Reserve and the Revaluation Reserve, respectively, however, since the money was not actually spent for these purposes (other than \$180 spent out of the Solar Energy Reserve) the transfers cannot be considered as expenses this year.

Revenues:

The table below shows the Town’s adjusted budget and actual revenues from various sources for the year ended December 31, 2018. The table also shows the variance between these figures for each category. The Town considers a variance to be significant if it exceeds \$15,000 and 15% of the final budget.

<u>General Fund Revenues</u>	<u>Adjusted Budget</u>	<u>Actual Revenues</u>	<u>Variance</u>	
			<u>Amount</u>	<u>%</u>
Property taxes	\$ 5,781,704	\$ 5,767,625	\$ (14,079)	(0.2)
Excise taxes	624,171	640,524	16,353	2.6
Investments and tax interest, and lien costs	5,120	56,496	51,376	1,003.4
Charges for services, fees, licenses	-	180,872	180,872	-
DOT URIP road funds	620	66,112	65,492	10,563.2
State Revenue Sharing	65,000	70,610	5,610	8.6
Homestead exemption	122,310	102,634	(19,676)	(16.1)
Other intergovernmental revenues	46	17,081	17,035	37,032.6
Other revenues	-	8,019	8,019	-
Total Revenues	\$ 6,598,971	\$ 6,909,973	\$ 311,002	4.7

In total, the revenues exceeded estimates by \$311,002. Charges for services, fees, licenses, interest (except for a small amount to cover the interest cost on the Tax Anticipation Note) and other revenues are historically not budgeted, so all receipts in these areas are always a variance from the zero budgeted amounts. Other intergovernmental revenues, other than URIP funds, State Revenue Sharing and the Homestead Reimbursement are also historically not budgeted due to their uncertain nature.

DOT URIP road funds are only included in the budget to the extent that they are spent during the year and only \$620 was spent in 2018.

Capital Assets

As of December 31, 2018, the Town had \$5,645,630 invested in capital assets, including infrastructure acquired since December 31, 2003, land, buildings and equipment. (As previously noted, the Town is not required under GASB 34 to report infrastructure built or otherwise acquired prior to January 1, 2004). This amount represents a net increase (including current year depreciation and asset disposals) of \$65,031 over 2017.

Debt

The Town borrowed \$900,000 during the year on a Tax Anticipation Note which was paid off prior to year-end.

Economic Factors and Next Year's Budgets

Management is aware of no significant economic factors which may affect the financial viability of the Town in 2019. The Town's fiscal 2019 budget is in the preparation stage and will not be approved until the March 2019 Annual Town Meeting is held.

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds entrusted to it. If you have questions about this report or need financial information, contact the Board of Selectmen, Town of Shapleigh, at P.O. Box 26, Shapleigh, ME 04076.

TOWN OF SHAPLEIGH, MAINE

STATEMENT OF NET POSITION

DECEMBER 31, 2018

ASSETS	Governmental Activities	Total
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,537,220	\$ 4,537,220
Investments	53,415	53,415
Receivables:		
Taxes - Current year	331,649	331,649
Taxes and liens - Prior years	79,107	79,107
Total Current Assets	<u>5,001,391</u>	<u>5,001,391</u>
NONCURRENT ASSETS		
Depreciable capital assets, net	3,923,728	3,923,728
Non-depreciable capital assets	1,721,902	1,721,902
Total Noncurrent Assets	<u>5,645,630</u>	<u>5,645,630</u>
Total Assets	<u>\$ 10,647,021</u>	<u>\$ 10,647,021</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 41,587	\$ 41,587
Prepaid property taxes	1,466	1,466
Total Current Liabilities	<u>43,053</u>	<u>43,053</u>
NONCURRENT LIABILITIES		
Due within one year	-	-
Due in more than one year	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 43,053</u>	<u>\$ 43,053</u>
NET POSITION		
Net Investment in capital assets	\$ 5,645,630	\$ 5,645,630
Restricted for:		
Nonspendable permanent fund principal	129,007	129,007
Urban/Rural Improvement Program	232,544	232,544
State revenue sharing	187,127	187,127
Unrestricted	<u>4,409,660</u>	<u>4,409,660</u>
Total Net Position	<u>\$ 10,603,968</u>	<u>\$ 10,603,968</u>

See Notes to Basic Financial Statements

TOWN OF SHAPLEIGH, MAINE

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)/ Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES:					
General Government	\$ 562,165	\$ 55,668	\$ -	\$ -	\$ (506,497)
Public Works	740,746	-	-	66,112	(674,634)
Solid Waste Management	291,034	21,557	-	-	(269,477)
Social Services	6,467	-	-	-	(6,467)
Public Safety	458,230	75,361	-	-	(382,869)
Education	3,961,345	-	-	-	(3,961,345)
Unclassified	118,167	30,989	360	-	(86,818)
County Tax	280,017	-	-	-	(280,017)
Total Governmental Activities	<u>\$ 6,418,171</u>	<u>\$ 183,575</u>	<u>\$ 360</u>	<u>\$ 66,112</u>	<u>\$ (6,168,124)</u>

Changes in Net Position:

Net (Expense) Revenue \$ (6,168,124)

GENERAL REVENUES:

Property taxes, levied for general purposes	5,789,625
Excise taxes, levied for general purposes	640,524
Grants and contributions not restricted to specific programs	189,965
Investment earnings	59,441
Security gains (losses)	(19,479)
Gain on disposal of assets	450
Miscellaneous	4,866
Total General Revenues	<u>6,665,392</u>
Change in Net Position	497,268
NET POSITION, BEGINNING OF YEAR	<u>10,106,700</u>
NET POSITION, END OF YEAR	<u>\$ 10,603,968</u>

See Notes to Basic Financial Statements

TOWN OF SHAPLEIGH, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,380,381	\$ 156,839	\$ 4,537,220
Investments	-	53,415	53,415
Taxes and liens receivable	410,756	-	410,756
Total Assets	4,791,137	210,254	5,001,391
LIABILITIES			
Accounts payable	41,587	-	41,587
Prepaid property taxes	1,466	-	1,466
Due to other funds	-	-	-
Total Liabilities	43,053	-	43,053
DEFERRED INFLOWS OF RESOURCES			
Deferred taxes	334,000	-	334,000
Total Deferred Inflows of Resources	334,000	-	334,000
FUND BALANCES			
Fund balances:			
Nonspendable	-	129,007	129,007
Restricted for:			
Urban/Rural Improvement Program	232,544	-	232,544
State revenue sharing	187,127	-	187,127
Committed	1,906,781	81,247	1,988,028
Assigned	473,380	-	473,380
Unassigned	1,614,252	-	1,614,252
Total Fund Balances	4,414,084	210,254	4,624,338
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,791,137	\$ 210,254	\$ 5,001,391

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balance of all governmental funds	\$ 4,624,338
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	5,645,630
Taxes receivable not available to pay for current period expenditures and unearned in the governmental funds balance sheet.	334,000
Net Position of Governmental Activities	\$ 10,603,968

See Notes to Basic Financial Statements

TOWN OF SHAPLEIGH, MAINE

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2018

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes - property	\$ 5,767,625	\$ -	\$ 5,767,625
Taxes - excise	640,524	-	640,524
Intergovernmental revenue	256,437	-	256,437
Interest, dividend income and lien costs	56,496	2,945	59,441
Security gains (losses)	-	(19,479)	(19,479)
Other revenue	<u>188,891</u>	<u>-</u>	<u>188,891</u>
 Total Revenues	 <u>6,909,973</u>	 <u>(16,534)</u>	 <u>6,893,439</u>
EXPENDITURES			
General government	553,417	-	553,417
Public works	811,580	-	811,580
Solid waste management	288,014	-	288,014
Social services	6,467	-	6,467
Public safety	466,333	-	466,333
Education	3,961,345	-	3,961,345
Unclassified	113,679	2,350	116,029
County tax	<u>280,017</u>	<u>-</u>	<u>280,017</u>
Total Expenditures	<u>6,480,852</u>	<u>2,350</u>	<u>6,483,202</u>
 Net Change in Fund Balances	 429,121	 (18,884)	 410,237
 FUND BALANCE, BEGINNING OF YEAR	 <u>3,984,963</u>	 <u>229,138</u>	 <u>4,214,101</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 4,414,084</u>	 <u>\$ 210,254</u>	 <u>\$ 4,624,338</u>

See Notes to Basic Financial Statements

TOWN OF SHAPLEIGH, MAINE

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

Net change in fund balances – total governmental funds	\$	410,237
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the government-wide 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 outlay exceeded depreciation and asset retirements in the current period.		65,031
Some revenues in the statement of activities, such as the change in deferred taxes, do not provide current financial resources and therefore are not reported as revenues in the governmental funds.		<u>22,000</u>
Changes in net position of governmental activities	\$	<u>497,268</u>

See Notes to Basic Financial Statements

TOWN OF SHAPLEIGH, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Town of Shapleigh (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant policies of the Town are described below:

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The statement established a new reporting model for governments that is substantially different from prior reporting standards, and which includes the following segments:

Management’s Discussion & Analysis (MD&A) – provides introductory information on basic financial statements and an analytical overview of the Town’s financial activities.

Government-wide financial statements – consist of a statement of net position and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary funds. Capital assets and long-term obligations (general obligation bonds, etc.) are included along with current assets and liabilities.

Fund financial statements – provide information about the Town’s governmental funds. These statements emphasize major fund activity and, depending on the fund type, utilize different bases of accounting. Governmental funds focus on sources, uses, and balances of current financial resources and often have a budgetary orientation, and therefore use a modified accrual basis of accounting. Proprietary funds, which include enterprise funds, focus on determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows, and therefore, use the accrual basis of accounting. Currently, the Town has no proprietary funds.

Required supplementary information – in addition to the MD&A, a budgetary comparison schedule is presented for the General Fund, which is the only major fund with a legally adopted budget. The original budget for revenues and expenditures and the final adjusted budget are presented in comparison with the actual revenues and expenditures presented on a budget basis.

Reporting Entity

The Town operates under a Selectmen/Town Meeting form of government - In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth under GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities.

The financial statements presented do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town.

TOWN OF SHAPLEIGH, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

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 non-fiduciary activities of the Town. The effect of inter-fund activity has been removed from these statements. When applicable, 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 instead reported as general revenues.

Separate financial statements are normally provided for the governmental funds and, when applicable, proprietary funds. However, the Town has no proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Town's only major governmental fund is the general fund.

The various funds included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

General Fund – the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for services, and interest income.

Permanent Funds – used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs. The Town's Trust funds are included in Permanent Funds.

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. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. When applicable, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWN OF SHAPLEIGH, MAINE
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Property taxes collected within 60 days of fiscal year-end are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The Town’s only major governmental fund is the General Fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

Inter-fund Balances – On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “inter-fund receivables/payables.” These amounts are eliminated in the governmental column of the statement of net position.

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 government as assets with an 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 fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

Under GASB Statement No. 34, the Town is not required to report infrastructure assets acquired before January 1, 2004. All infrastructures acquired after December 31, 2003 is reported as capital assets and depreciated as they are constructed or otherwise acquired.

Property, plant, equipment and infrastructure are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-60
Building improvements	40-60
Public domain infrastructure	25-50
Land improvements	30-60
Public works and public safety equipment	20-30
Computer equipment	7-20

Fund Balances – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWN OF SHAPLEIGH, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position – Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt when applicable; consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

General Fund Budget – Certain revenues are dedicated for particular purposes by vote of the townspeople at the annual town meeting or at special town meetings. At the annual town meeting, held in March, the townspeople vote on various articles, in which amounts of appropriations have been recommended by the Board of Selectmen and/or the Budget Committee. Subsequent additions to the budget by taxation may be made only at special town meetings held before taxes are committed; thereafter, additions to the budget may be made only by transfer of funds from surplus approved at special town meetings. In addition to amounts approved at the March annual town meeting, the budget has been adjusted for other expenditures made from amounts carried over from previous years, either URIP (DOT) funds, carryover of amounts appropriated at prior town meetings, or various accumulated receipts.

Cash and Cash Equivalents – For purposes of these financial statements, the Town considers all short-term debt securities purchased with a maturity of six months or less to be cash equivalents.

Investments – 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. The Town’s investments are reported at fair value.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Use of Resources – When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources, as they are needed.

Note 2 – Deposits and Investments

The Town makes all deposits and investments pursuant to State of Maine Statutes, specifically Title 30-A 5706-5719. The Town does not have a formal deposit policy for custodial risk.

Deposits: At December 31, 2018 the Town’s deposits had a bank balance of \$4,785,469 which was fully insured by federal depository insurance.

Investments: At December 31, 2018 the Town held an investment with a carrying and fair value of \$53,415. This asset has been valued using a market approach. There has been no change in valuation techniques and related inputs.

At December 31, 2018 the Town's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
KeyCorp stock	\$ <u>53,415</u>	N/A
Total	\$ <u>53,415</u>	

Concentrations: At year end, 100% of the Town's investments were held in KeyCorp Stock.

TOWN OF SHAPLEIGH, MAINE

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Note 3 – Property Taxes

The Town's property tax is levied on the assessed value listed as of the prior April 1 for all taxable real property located in the Town. The assessed value for the list as of April 1, 2018, upon which the levy for the year ended December 31, 2018 was based, was \$523,231,069. Taxes were due on September 21, 2018 with interest at 8% charged thereafter.

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 amount raised in excess of 100% is referred to as overlay and amounted to \$34,901, for the year ended December 31, 2018.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ <u>1,721,902</u>	\$ _____	\$ _____	\$ <u>1,721,902</u>
Total capital assets not being depreciated	<u>1,721,902</u>	_____	_____	<u>1,721,902</u>
Capital assets being depreciated:				
Infrastructure	2,440,594	150,115	-	2,590,709
Land improvements	454,536	-	-	454,536
Building and improvements	1,097,239	5,500	-	1,102,739
Equipment	<u>1,035,989</u>	<u>51,660</u>	_____	<u>1,087,649</u>
Total capital assets being depreciated	<u>5,028,358</u>	<u>207,275</u>	_____	<u>5,235,633</u>
Less accumulated depreciation for:				
Infrastructure	317,817	64,746	-	382,563
Land improvements	152,670	9,949	-	162,619
Building and improvements	268,678	23,574	-	292,252
Equipment	<u>430,496</u>	<u>43,975</u>	_____	<u>474,471</u>
Total accumulated depreciation	<u>1,169,661</u>	<u>142,244</u>	_____	<u>1,311,905</u>
Total capital assets being depreciated, net	<u>3,858,697</u>	<u>65,031</u>	_____	<u>3,923,728</u>
Governmental activities capital assets, net	\$ <u>5,580,599</u>	\$ <u>65,031</u>	\$ _____	\$ <u>5,645,630</u>

TOWN OF SHAPLEIGH, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

Note 4 – Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 8,749
Public Works, which includes the depreciation of general infrastructure assets	79,281
Solid Waste Management	3,020
Public Safety	43,556
Unclassified	<u>7,638</u>
Total depreciation expense	\$ <u>142,244</u>

Note 5 – Short-term and Long-term Debt

The Town issued a tax anticipation note during the year in the amount of \$900,000. The note was paid in full in September 2018. Total interest expense incurred on this note was \$5,120 for the year ended December 31, 2018.

The statutes of the State of Maine limit the Town debt outstanding to a percentage of its last full State valuation. At December 31, 2018, the Town was in compliance with this restriction.

Note 6 – Overlapping Debt

The Town's proportionate share of debt of all local governmental units providing services to the Town is not included in the Town's financial statements. However, the assessments must be borne by the taxable property within the Town (termed overlapping debt). Such debt as of December 31, 2018 is summarized below:

	<u>Total Debt</u>	<u>Percent Applicable to Shapleigh</u>	<u>Amount Applicable to Shapleigh</u>
York County	\$2,900,000	1.64%	\$45,760
Regional School Unit #57	\$24,591,805	15.8159%	\$3,889,415

Note 7 – Interfund Transactions

During the year ended December 31, 2018 the Holdsworth Scholarship Fund paid the General Fund \$2,000 and the Wilma Thyng Scholarship Fund paid the General Fund \$350, both for reimbursement of scholarship expenses paid directly by the General Fund in 2018.

Note 8 – Fund Balance Classification, Policies, Procedures and Balances

In accordance with GASB Statement No. 54, fund balances are classified as follows:

Nonspendable Fund Balances – arise when an amount cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted Fund Balances – arise when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments.

Committed Fund Balances – result from a vote of the townspeople at an annual or special town meeting and can be used for the purposes specified. Committed amounts can be used for other purposes, but only is approved by voters at a subsequent town meeting.

TOWN OF SHAPLEIGH, MAINE

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Note 8 – Fund Balance Classifications, Policies, Procedures and Balances (continued)

Assigned Fund Balances – can arise by the vote of the townspeople at an annual or special town meeting when the purpose is to appropriate existing fund balances to reduce the amount of taxes to be raised in the subsequent year’s budget, or in instances where the Selectmen are authorized to set aside funds for specific intent as authorized by voters at a town meeting.

Unassigned Fund Balances – is the residual classification which represents that fund balance which has not been restricted, committed or assigned to specific purposes within the General Fund.

The General Fund’s fund balance is allocated as follows at December 31, 2018:

Restricted:

URIP (DOT) funds (North)	\$	73,524
URIP (DOT) funds (South)		159,020
State Revenue Sharing		<u>187,127</u>
Total Restricted	\$	<u>419,671</u>

Committed:

Specifically designated reserve accounts:

Town farm cottage lots	\$	12,305
General assistance		23,430
Recycling fund		5,374
Town farm community forest		71,006
Public Works reserve		32,753
Public safety building reserve		10,990
Brush control- north		61
Brush control – south		5,445
Hargrave Bridge reserve		1,929
Tar/sealer – north		159,813
Tar/sealer – south		20,943
Ambulance reserve		91,244
Medical staffing reserve		130,746
Fire truck reserve		215,519
Ross Corner fire truck reserve		10,032
Fire SCBA reserve		8,600
Fire victim fund		386
Solid waste reserve		1,213
New Public Safety Building reserve		30,193
Town Hall building fund		11,713
Capital improvements fund		267,040
Solar energy reserve		37,387
Revaluation reserve		151,592
Community forest fund		6,215
Recreational field reserve		19,263
Defibrillator reserve		36
Southern road improvement reserve		46,538
Winter maintenance reserve		187,607
Williams property reserve		9,811
Bridge reserve		146,310
Dam reserve fund		70,442
Dam maintenance reserve		15,280
Public Works facility reserve		1,528
Charles Gruber Scholarship		90,000
Community Day reserve		3,378
Community Day Scholarship		<u>10,659</u>
Total Committed	\$	<u>1,906,781</u>

TOWN OF SHAPLEIGH, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Note 8 – Fund Balance Classifications, Policies, Procedures and Balances (continued)

Assigned:

Accumulated receipts carried over for the following purposes:

Fire department donations	\$	1,757
Fire department extrication equipment reserve		119
Fire department medical reserve		2,222
Library building fund		1,310
FEMA reimbursement		122,842
Rescue stipend reserve		5,000
Rescue subscription funds		34,970
Ambulance service fees		56,999
Rescue donations		5,992
Rescue education		1,021
Rescue personal protective gear reserve		13,199
Contingency		6,419
Shapleigh Commons		1,818
Zoning Board fees		841
Recreation concession stand		1,901
Parks and recreation donations		93
Town dog fees		17,983
Commercial hauler license fees		33,618
Transfer station fees		83,824
Fire department hydrant		3,000
Fire department turnout gear		15,258
Recreation fundraising		3,455
Handicap access reimbursement		1,121
Planning Board fees		19,307
Fire truck sales		3,102
Veteran's cemetery reserve		3,245
EMA/FEMA		634
Miscellaneous		25,737
Fuel assistance funds		4,480
Williams property donations		113
Fire department uniform reserve		<u>2,000</u>

Total Assigned 473,380

Total Restricted, Committed and Assigned 2,799,832

Total Unassigned: 1,614,252

Total Fund Balance \$ 4,414,084

TOWN OF SHAPLEIGH, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

Note 9 – Commitments

In January 2017 the Town along with the Town of Acton renewed the contract with York County for the assignment of a deputy to the Towns. The contract is for the period January 1, 2017 to December 31, 2019. The estimated annual cost under contract is \$88,591 for 2018 and the Town is responsible for 50% of this amount. The Town paid \$44,296 under this contract in 2018.

In September 2017 the town entered into two contracts for winter road maintenance for the period October 1, 2017 to June 1, 2020. The contracts call for total annual payments of \$226,800 in six equal installments payable from October to March each year with a 10% retainer which is due annually by April 30th. The total amount paid under these contracts for the year ended December 31, 2018 was \$232,596.

Note 10 – Subsequent Events

Subsequent events have been evaluated by management through February 22 2019 which is the date the financial statements were available to be issued. There were no subsequent events that were material to the financial statements as of February 22, 2019.

TOWN OF SHAPLEIGH, MAINE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Budget</u>
	<u>Original</u>	<u>Adjusted</u>	<u>(Budgetary Basis)</u>	<u>Favorable (Unfavorable)</u>
Beginning budgetary fund balance	\$ 3,984,963	\$ 3,984,963	\$ 3,984,963	\$ -
Resources (inflows):				
Taxes:				
General property	5,781,704	5,781,704	5,767,625	(14,079)
Investment and tax interest, and lien costs	5,120	5,120	56,496	51,376
Excise taxes	624,171	624,171	640,524	16,353
Licenses, Permits and Charges for Services	-	-	180,872	180,872
Intergovernmental Revenue:				
DOT Block Grant	620	620	66,112	65,492
State Revenue Sharing	65,000	65,000	70,610	5,610
Homestead exemption	122,310	122,310	102,634	(19,676)
Other intergovernmental	46	46	17,081	17,035
Other Revenue	-	-	8,019	8,019
	<u>6,598,971</u>	<u>6,598,971</u>	<u>6,909,973</u>	<u>311,002</u>
Amounts available for appropriation	<u>10,583,934</u>	<u>10,583,934</u>	<u>10,894,936</u>	<u>311,002</u>
Charges to appropriations (outflows):				
<u>General Government</u>	<u>624,171</u>	<u>624,171</u>	<u>553,417</u>	<u>70,754</u>
<u>Public Works</u>				
Winter Maintenance	340,000	343,467	343,467	-
Ways and Bridges - North	40,000	40,000	40,000	-
Ways and Bridges - South	40,000	40,000	40,000	-
Pond Roads - North	18,000	18,000	10,741	7,259
Pond Roads - South	18,000	18,000	10,915	7,085
Brush Cutting - North	5,000	5,000	5,000	-
Brush Cutting - South	5,000	5,000	3,827	1,173
Tar and Sealer - North	150,000	150,000	120,115	29,885
Tar and Sealer - South	150,000	185,578	185,578	-
No. District Road Improvement Reserve	30,000	30,000	30,000	-
So. District Road Improvement Reserve	30,000	30,000	4,108	25,892
Gravel Pit	-	17,209	17,209	-
<u>From URIP Funds:</u>				
Road Improvements	620	620	620	-
Total Public Works	<u>826,620</u>	<u>882,874</u>	<u>811,580</u>	<u>71,294</u>
<u>Solid Waste Management</u>				
Solid Waste Management	<u>280,000</u>	<u>280,000</u>	<u>288,014</u>	<u>(8,014)</u>

See Auditors' Report on Page 1

TOWN OF SHAPLEIGH, MAINE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Budget Favorable
	Original	Adjusted		(Unfavorable)
<u>Social Services</u>				
Caring Unlimited	500	500	500	-
Child Abuse Prevention Council	500	500	500	-
York County Shelter Program Inc.	1,000	1,000	1,000	-
Day One	500	500	500	-
Southern Maine Agency on Aging	500	500	500	-
York County Community Action Corp.	1,800	1,800	1,800	-
Lifeflight of Maine	667	667	667	-
Southern Maine Veterans Cemetery	1,000	1,000	1,000	-
Total Social Services	6,467	6,467	6,467	-
<u>Public Safety</u>				
Fire Department General Maintenance	45,250	45,250	27,834	17,416
Fire Chief/Assistant Fire Chief	12,997	12,997	12,871	126
Medical Reserve	1,224	1,224	778	446
Uniform Reserve	500	500	-	500
Membership Activity Stipend	15,000	15,000	15,000	-
Fire Department Turnout Gear	16,012	16,012	5,243	10,769
E-911 Signs	1,000	1,000	35	965
Ross Corner Fire Co	10,120	10,120	10,120	-
Rescue Squad	251,383	271,383	231,874	39,509
Public Safety Building Expenses	22,500	22,500	20,537	1,963
Dispatch PSAP	29,850	29,850	29,187	663
Animal Control Officer	7,200	10,805	10,805	-
Street Lighting	4,000	4,000	2,820	1,180
York County Sheriff Contract	48,000	48,000	41,993	6,007
Fire Truck Reserve	30,000	30,000	-	30,000
SCBA Reserve	12,000	51,660	51,660	-
Personal Protective Equipment Reserve	6,500	6,500	-	6,500
Public Safety Building Reserve	5,000	5,000	-	5,000
Emergency Management Agency	6,394	6,394	5,576	818
Total Public Safety	524,930	588,195	466,333	121,862
<u>Education</u>	3,961,345	3,961,345	3,961,345	-
<u>County Tax</u>	280,017	280,017	280,017	-

See Auditors' Report on Page 1

TOWN OF SHAPLEIGH, MAINE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Budget Favorable
	Original	Adjusted		(Unfavorable)
<u>Unclassified</u>				
Cemeteries and Flagging Soldiers Graves	2,850	2,850	1,214	1,636
4-H Club	400	400	400	-
Town Library Maintenance and Librarians	33,100	35,398	35,398	-
Conservation Committee	200	200	200	-
Recreation Committee and Sports Field Maint.	24,000	24,000	17,168	6,832
Interest on Tax Anticipation Note	5,120	5,120	5,120	-
Emery Mills/Sq. Pond Dam Maintenance	-	5,475	5,475	-
Dam Reserve Fund	10,000	10,000	5,000	5,000
Acton/Shapleigh Historical Society	2,000	2,000	2,000	-
Comm. Forest Maintenance/Town Beach	5,000	5,000	1,235	3,765
Comm Forest Scholarship	1,000	1,000	1,000	-
Saco River Corridor Commission	300	300	300	-
Shapleigh Commons Maintenance	3,500	3,500	2,486	1,014
Shapleigh Community Day	1,250	3,557	3,557	-
No. York County Twelve-Town Group	300	300	-	300
Acton/Shapleigh Youth Conservation Corps	22,000	22,000	22,000	-
Williams Property Maintenance	5,000	5,000	1,390	3,610
Digital Mapping	2,500	2,500	2,400	100
Ross Corner Fire Truck Reserve	5,000	5,000	-	5,000
Bridge Repair Reserve	20,000	20,000	-	20,000
Solar Energy Reserve	20,000	20,000	180	19,820
Revaluation Reserve	25,000	25,000	-	25,000
Overlay/Abatements	34,901	34,901	6,315	28,586
General Assistance	-	841	841	-
Total Unclassified	<u>223,421</u>	<u>234,342</u>	<u>113,679</u>	<u>120,663</u>
 Total charges to appropriations	<u>6,726,971</u>	<u>6,857,411</u>	<u>6,480,852</u>	<u>376,559</u>
 Budgetary fund balance, December 31, 2018	<u>\$ 3,856,963</u>	<u>\$ 3,726,523</u>	4,414,084	<u>\$ 687,561</u>
 Amount carried over to Fiscal 2019, (See Note 8 to Financial Statements)			<u>2,799,832</u>	
 Ending budgetary fund balance, unassigned			<u>\$ 1,614,252</u>	

See accompanying note to budgetary comparison schedule.

See Auditors' Report on Page 1

TOWN OF SHAPLEIGH, MAINE

NOTE TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

YEAR ENDED DECEMBER 31, 2018

Note: Explanation of Differences between Budgetary Inflows and Outflows and Revenues and Expenditures reported under generally accepted accounting principles (GAAP):

Resources (inflows):

Actual amounts (budgetary basis) “available for appropriation” from the budgetary comparison schedule. \$ 10,894,936

Differences – budget to GAAP:

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes. (3,984,963)

Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. \$ 6,909,973

Charges to appropriations (outflows):

Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule. \$ 6,480,852

Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. \$ 6,480,852

See Auditors’ Report on Page 1



INDEPENDENT AUDITORS' REPORT
ON OTHER SUPPLEMENTARY INFORMATION

February 22, 2019

Board of Selectmen
Town of Shapleigh, Maine

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Shapleigh, Maine's financial statements as a whole. The combining nonmajor fund financial statements and the summary of taxation are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements and the summary of taxation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cummings, Lamont & The Namee, P.A.

Certified Public Accountants
Kennebunk, Maine

TOWN OF SHAPLEIGH, MAINE

COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS (PERMANENT FUNDS)

DECEMBER 31, 2018

	Cummings Fund For Poor	Cummings Scholarship	Ferguson Scholarship	Holdsworth Scholarship	Hobart Book Fund	Hobart Remodeling Fund	Wilma Thyng Scholarship	Storer Fund	Cemetery Funds	Total Other Governmental Funds
Cash and cash equivalents	\$ 15,473	\$ 5,602	\$ 600	\$ 37,231	\$ 1,451	\$ 2,835	\$ 28,266	\$ 2,324	\$ 63,057	\$ 156,839
Investments	-	-	-	53,415	-	-	-	-	-	53,415
Total Assets	\$ 15,473	\$ 5,602	\$ 600	\$ 90,646	\$ 1,451	\$ 2,835	\$ 28,266	\$ 2,324	\$ 63,057	\$ 210,254
ASSETS										
LIABILITIES										
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-	-	-	-	-
FUND BALANCES										
Fund balances:										
Nonspendable	12,000	5,000	-	80,960	1,000	2,000	25,000	500	2,547	129,007
Committed	3,473	602	600	9,686	451	835	3,266	1,824	60,510	81,247
Total Fund Balances	15,473	5,602	600	90,646	1,451	2,835	28,266	2,324	63,057	210,254
Total Liabilities and Fund Balances	\$ 15,473	\$ 5,602	\$ 600	\$ 90,646	\$ 1,451	\$ 2,835	\$ 28,266	\$ 2,324	\$ 63,057	\$ 210,254

TOWN OF SHAPLEIGH, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS (PERMANENT FUNDS)

YEAR ENDED DECEMBER 31, 2018

	Cummings Fund For Poor	Cummings Scholarship	Ferguson Scholarship	Holdsworth Scholarship	Hobart Book Fund	Hobart Remodeling Fund	Wilma Thyng Scholarship	Storer Fund	Cemetery Funds	Total Other Governmental Funds
REVENUES										
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and dividend income	114	42	4	2,063	11	21	212	18	460	2,945
Security gains (losses)	-	-	-	(19,479)	-	-	-	-	-	(19,479)
Total Revenues	114	42	4	(17,416)	11	21	212	18	460	(16,534)
EXPENDITURES										
Unclassified	-	-	-	2,000	-	-	350	-	-	2,350
Total Expenditures	-	-	-	2,000	-	-	350	-	-	2,350
Net Change in Fund Balances	114	42	4	(19,416)	11	21	(138)	18	460	(18,884)
FUND BALANCE, BEGINNING OF YEAR	15,359	5,560	596	110,062	1,440	2,814	28,404	2,306	62,597	229,138
FUND BALANCE, END OF YEAR	\$ 15,473	\$ 5,602	\$ 600	\$ 90,646	\$ 1,451	\$ 2,835	\$ 28,266	\$ 2,324	\$ 63,057	\$ 210,254

TOWN OF SHAPLEIGH, MAINE
SUMMARY OF TAXATION
YEAR ENDED DECEMBER 31, 2018

APPROPRIATIONS

EDUCATION RSU #57	\$	3,961,345
MUNICIPAL FUNCTIONS		2,581,148
COUNTY TAX		280,017
OVERLAY		<u>34,901</u>
Total Appropriations		6,857,411
 LESS:		
Use of surplus and balances carried from prior year		258,440
Excise taxes		624,171
Estimated State and miscellaneous revenues		<u>193,096</u>
 AMOUNT TO BE RAISED BY ASSESSMENT	 \$	 <u><u>5,781,704</u></u>

VALUATION

	<u>Total</u>	<u>Exempt</u>	<u>Taxable</u>
Land and buildings	<u>\$ 533,135,689</u>	<u>\$ 9,904,620</u>	<u>\$ 523,231,069</u>

ASSESSMENT

TAX RATE	\$	<u>11.05</u>
 ASSESSMENTS		
Land and buildings		<u>\$ 5,781,704</u>

COMMITMENT AND COLLECTION

ORIGINAL COMMITMENT	\$	5,781,704
SUPPLEMENTAL COMMITMENTS		7,922
Total Charged to Tax Collector		<u>5,789,626</u>
 CREDITS		
Received by Treasurer	\$	5,451,855
Abatements granted		<u>6,122</u>
UNCOLLECTED TAXES-CURRENT YEAR	\$	<u><u>331,649</u></u>

See Auditors' Report on Page 27