

TOWN OF KINGFIELD, MAINE
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2019

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Maine Municipal Audit Services, PA

Mindy J. Cyr, CPA

Independent Auditors' Report

To the Board of Selectmen
Town of Kingfield
Kingfield, Maine

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 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. 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.

OPINION

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

OTHER MATTERS

Required Supplementary Information

The Town has not presented the Management's Discussion and Analysis that the accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

The budgetary comparison information on page 25 is required by accounting principles generally accepted in the United States of America. This 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. The budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements.

Other Information

The other supplemental information section is the responsibility of management and the schedules 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 to the basic financial statements. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maine Municipal Audit Services, PA
Levant, Maine
October 30, 2019

Town of Kingfield, Maine
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 1,263,977	\$ 104,785	\$ 1,368,762
Investments	2,013,560	40,046	2,053,606
Accounts receivable, net of allowance	1,968	17,017	18,985
Taxes receivable	136,791	-	136,791
Tax liens receivable	33,729	-	33,729
<i>Total current assets</i>	<u>3,450,025</u>	<u>161,848</u>	<u>3,611,873</u>
<i>Non-current assets:</i>			
Capital assets, net of accumulated depreciation	687,830	3,042,814	3,730,643
Non-depreciable capital assets	612,534	-	612,534
<i>Total non-current assets</i>	<u>1,300,364</u>	<u>3,042,814</u>	<u>4,343,177</u>
<i>Deferred outflows of resources:</i>			
OPEB related outflows	2,320	-	2,320
<i>Total deferred outflows of resources</i>	<u>2,320</u>	<u>-</u>	<u>2,320</u>
TOTAL ASSETS	<u>\$ 4,752,709</u>	<u>\$ 3,204,662</u>	<u>\$ 7,957,371</u>
LIABILITIES:			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ 293	\$ 293
Accrued expenses	1,726	-	1,726
Current portion of long-term debt	73,393	-	73,393
<i>Total current liabilities</i>	<u>75,120</u>	<u>293</u>	<u>75,413</u>
<i>Non-current liabilities:</i>			
<i>Non-current portion of long-term debt:</i>			
Bonds payable	408,507	-	408,507
Note payable	-	87,911	87,911
Accrued compensated absences - long-term	22,598	-	22,598
OPEB liabilities	23,006	-	23,006
<i>Total non-current liabilities</i>	<u>454,111</u>	<u>87,911</u>	<u>542,022</u>
TOTAL LIABILITIES	529,231	88,204	617,435
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue	31,009	-	31,009
Prepaid property taxes	9,991	-	9,991
OPEB related inflows	1,912	-	1,912
TOTAL DEFERRED INFLOWS OF RESOURCES	42,911	-	42,911
NET POSITION:			
Invested in capital assets, net of related debt	818,464	2,954,903	3,773,366
Restricted	31,499	65,369	96,868
Unrestricted	3,330,604	96,186	3,426,790
TOTAL NET POSITION	<u>4,180,567</u>	<u>3,116,458</u>	<u>7,297,024</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,752,709</u>	<u>\$ 3,204,662</u>	<u>\$ 7,957,371</u>

Town of Kingfield, Maine
 Statement of Activities
 For the Year Ended June 30, 2019

	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<i>Governmental activities:</i>							
General government	\$ 311,815	\$ 11,922	\$ -	\$ -	(299,893)	\$ -	(299,893)
Public safety	147,213	8,526	-	-	(138,687)	-	(138,687)
Public works	324,187	-	-	49,911	(274,276)	-	(274,276)
Transfer station	242,446	178,465	-	-	(63,981)	-	(63,981)
Education	1,549,681	-	-	-	(1,549,681)	-	(1,549,681)
County tax	156,051	-	-	-	(156,051)	-	(156,051)
Social services	20,346	-	1,288	-	(19,058)	-	(19,058)
Unclassified	76,532	-	-	-	(76,532)	-	(76,532)
Interest on long-term debt	14,139	-	-	-	(14,139)	-	(14,139)
Depreciation	115,520	-	-	-	(115,520)	-	(115,520)
Total governmental activities	2,957,931	198,913	1,288	49,911	(2,707,819)	-	(2,707,819)
<i>Business-type activities:</i>							
Kingfield waste water department	169,429	81,808	-	-	-	(87,621)	(87,621)
Total business-type activities	169,429	81,808	-	-	-	(87,621)	(87,621)
Total primary government	\$ 3,127,360	\$ 280,721	\$ 1,288	\$ 49,911	(2,707,819)	(87,621)	(2,795,440)
<i>General revenues:</i>							
Property taxes, levied for general purposes					2,069,130	-	2,069,130
Motor vehicle excise taxes					232,085	-	232,085
Interest and lien fees					12,768	656	13,424
<i>Grants and contributions not restricted to specific programs:</i>							
State revenue sharing					44,797	-	44,797
Other					628,658	187,035	815,693
Unrestricted investment earnings					52,059	-	52,059
Interfund transfers					(25,000)	25,000	-
Miscellaneous revenues					151,426	-	151,426
<i>Total general revenues and transfers</i>					3,165,922	212,691	3,378,613
Changes in net position					458,103	125,070	583,173
NET POSITION - BEGINNING					3,722,464	2,991,388	6,713,851
NET POSITION - ENDING					\$ 4,180,567	\$ 3,116,458	\$ 7,297,024

The accompanying notes are an integral part of this statement.

Town of Kingfield, Maine
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,263,977	\$ -	\$ 1,263,977
Investments	2,002,445	11,115	2,013,560
Interfund receivable	-	8,215	8,215
Accounts receivable	1,968	-	1,968
Taxes receivable	136,791	-	136,791
Tax liens receivable	33,729	-	33,729
TOTAL ASSETS	\$ 3,438,910	\$ 19,330	\$ 3,458,240
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
<i>Liabilities:</i>			
Accrued expenses	\$ 1,726	\$ -	\$ 1,726
Interfund payable	8,215	-	8,215
<i>Total liabilities</i>	9,941	-	9,941
<i>Deferred inflows of resources:</i>			
Prepaid property taxes	9,991	-	9,991
Deferred revenue	31,009	-	31,009
Deferred property taxes	143,890	-	143,890
<i>Total deferred inflows of resources</i>	184,889	-	184,889
<i>Fund balances:</i>			
Non-spendable	-	8,215	8,215
Restricted	12,169	11,115	23,284
Assigned	1,345,866	-	1,345,866
Unassigned	1,886,044	-	1,886,044
<i>Total fund balances</i>	3,244,079	19,330	3,263,409
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,438,910	\$ 19,330	
<i>Amounts reported for governmental activities in the statement of net position (Stmt. 1) are different because:</i>			
Depreciable capital assets as reported on Statement 1			1,300,364
Long-term debt as reported on Statement 1			(504,498)
Deferred property taxes not reported on Statement 1			143,890
Deferred outflows of resources - OPEB related expenditures			2,320
Deferred inflows of resources - OPEB related inflows			(1,912)
OPEB liabilities			(23,006)
NET POSITION OF GOVERNMENTAL ACTIVITIES			\$ 4,180,567

The accompanying notes are an integral part of this statement.

Town of Kingfield, Maine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES;			
Property taxes	\$ 2,069,130	\$ -	\$ 2,069,130
Excise taxes	232,085	-	232,085
Intergovernmental revenue	724,655	-	724,655
Interest income	51,888	171	52,059
Interest on taxes and liens	12,768	-	12,768
Charges for services	198,913	-	198,913
Other revenue	151,426	-	151,426
<i>Total revenues</i>	<i>3,440,864</i>	<i>171</i>	<i>3,441,034</i>
EXPENDITURES:			
General government	297,595	-	297,595
Public safety	173,080	-	173,080
Public works	330,987	-	330,987
Transfer station	242,446	-	242,446
Education	1,549,681	-	1,549,681
County tax	156,051	-	156,051
Social services	20,346	-	20,346
Debt service	85,758	-	85,758
Unclassified	76,532	-	76,532
<i>Total expenditures</i>	<i>2,932,477</i>	<i>-</i>	<i>2,932,477</i>
Excess (deficiency) of revenues over (under) expenditures	508,387	171	508,558
OTHER FINANCING SOURCES (USES):			
Operating transfers in	171	-	171
Operating transfers (out)	(25,000)	(171)	(25,171)
<i>Total other financing sources (uses)</i>	<i>(24,829)</i>	<i>(171)</i>	<i>(25,000)</i>
Net change in fund balances	483,558	-	483,558
FUND BALANCES - BEGINNING	2,760,521	19,330	2,779,851
FUND BALANCES - ENDING	\$ 3,244,079	\$ 19,330	\$ 3,263,409

The accompanying notes are an integral part of this statement.

(Continued)

Town of Kingfield, 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 (Statement 4) \$ 483,558

Amounts reported for governmental activities in the Statement of Activities (Stmt. 2) are different due to the following items:

Depreciation expense recorded on Statement of Activities, yet not required to be recorded as expenditures on governmental funds (115,520)

Capital outlays expensed on the Governmental Funds report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2) 32,667

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. More specifically, this represents the net amount of principal reduction in debt service made during the fiscal year. 71,619

Change in accrued compensated absences (8,838)

OPEB expenses under GASB #75 are not reported in the governmental fund statements (5,382)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (SEE STMT. 2) \$ **458,103**

The accompanying notes are an integral part of this statement.

Town of Kingfield, Maine
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type activities
	Enterprise Funds
	Sewer
ASSETS:	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 104,785
Investments	40,046
Accounts receivable, net of allowance for doubtful accounts	17,017
<i>Total current assets</i>	161,848
 <i>Non-current assets:</i>	
<i>Capital assets:</i>	
Property, plant, and equipment	4,368,219
Less accumulated depreciation	(1,325,406)
<i>Total non-current assets</i>	3,042,814
 TOTAL ASSETS	\$ 3,204,662
 LIABILITIES:	
<i>Current liabilities:</i>	
Accounts payable	\$ 293
<i>Total current liabilities</i>	293
<i>Long-term liabilities:</i>	
Note payable	87,911
<i>Total long-term liabilities</i>	87,911
 TOTAL LIABILITIES	 88,204
 NET POSITION:	
Invested in capital assets, net of related debt	2,954,903
Restricted - grant funds	65,369
Unrestricted	96,186
TOTAL NET POSITION	3,116,458
 TOTAL LIABILITIES AND NET POSITION	 \$ 3,204,662

The accompanying notes are an integral part of this statement.

Town of Kingfield, Maine
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2019

		<u>Business-type activities</u> <u>Enterprise Funds</u> <u>Sewer</u>
<i>Operating revenues:</i>		
Charges for services	\$	75,664
Interest on user fees		656
Pumping fees		5,468
Miscellaneous revenue		676
<i>Total operating revenues</i>		<u>82,464</u>
<i>Operating expenses:</i>		
Operations		6,889.09
Administrative operating costs		56,875
Utilities		9,363
Repairs and maintenance		30,675
Depreciation		51,983
Other expenses		13,643
<i>Total operating expenses</i>		<u>169,429</u>
<i>Operating income (loss)</i>		<u>(86,964)</u>
<i>Non-operating revenues (expenses):</i>		
Transfers (out)		25,000
Grants received		187,035
<i>Total non-operating revenues (expenses)</i>		<u>212,035</u>
<i>Net income (loss)</i>		<u>125,070</u>
NET ASSETS - BEGINNING		<u>2,991,388</u>
NET ASSETS - ENDING	\$	<u>3,116,458</u>

The accompanying notes are an integral part of this statement.

Town of Kingfield, Maine
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type activities	
	Enterprise Funds	
	Sewer	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$	75,330
Payments to suppliers		(112,145)
<i>Net cash provided (used) by operating activities</i>		(36,816)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Transfers to/from general fund - net		25,000
Proceeds from line of credit		26,839
<i>Net cash provided (used) in non-capital financing activities</i>		51,839
CASH FLOWS FROM INVESTING ACTIVITIES:		
Grant money received		187,035
Purchase of certificates of deposit		(40,039)
Purchase of capital assets		(99,499)
<i>Net cash provided (used) by investing activities</i>		47,497
<i>Net increase (decrease) in cash and cash equivalents</i>		62,520
CASH BALANCE - BEGINNING OF YEAR		42,265
CASH BALANCE - END OF YEAR		\$ 104,785
 <i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>		
Operating income (loss)	\$	(86,964)
<i>Adjustments to reconcile operating income to net cash provided (used) in operating activities:</i>		
Depreciation expense		51,983
<i>Change in net assets and liabilities:</i>		
Increase/(decrease) in accounts payable		293
(Increase)/decrease in accounts receivable		(7,127)
(Increase)/decrease in due from general fund		5,000
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		\$ (36,816)

The accompanying notes are an integral part of this statement.

**TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Kingfield, Maine (the Town) was incorporated on January 24, 1816. The Town operates under a selectperson – town meeting form of government and is incorporated under the laws of the State of Maine.

The accounting policies of the Town conform to U.S. generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, and its amendments, established new financial reporting requirements for governments and caused the Town to restructure much of the information presented in the past. The more significant of the government’s accounting policies are described below. For enterprise funds, GASB statement Nos. 20 and 34 provide the Town the option of electing to apply FASB pronouncements issued after November 30, 1989. The Town has elected not to apply those pronouncements. The more significant of the government’s accounting policies are described below.

In evaluating how to define the Town for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statement No. 14 *The Financial Reporting Entity* as amended by GASB Statement No. 39. 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. Based on the criteria, it was determined that no other entities should be included in the Town’s financial statements.

B. Basis of Presentation

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-Wide Financial Statements

The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reports information on all of the non-fiduciary activities of the Town as a whole.

The Statement of Net Position reports all financial and capital resources of the Town and reports the difference between assets and liabilities as “net position” not fund balance or equity. The Statement of Activities shows the degree to which the direct expenses of a given function or segment are offset by program revenue and reflects the “net (expense) revenue” of the Town’s individual functions before applying general revenues. The Town has elected not to allocate indirect costs among programs. Program revenues include 1) charges to customers for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

**TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being aggregated and displayed in a single column. The General Fund is always a major fund.

Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

C. Measurement Focus and Basis of Accounting

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Permanent Fund – This fund is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery.

Proprietary Fund Type

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Kingfield Waste Water Department is accounted for as an enterprise fund operation.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

The Government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, in accordance with GASB #34. 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 which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

**TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Revenues are considered to be available when they are collected 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.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

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

D. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at the annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised at the selectmen level, since individual department heads do not exist. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with financial institutions, and other accounts with an original maturity of three months or less when purchased. Investments are recorded at fair value.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (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 costs or estimated historical costs 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 asset lives are not capitalized.

**TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Infrastructure	50-100
Machinery and equipment	3-50
Vehicles	3-25

Net Position and Fund Balances

In the Government-wide financial statements, the difference between the Town's total assets and total liabilities represents net position. Net position is displayed as three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net assets available for future operations.

In the Fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. These designations are categorized as follows:

Non-spendable – Funds that are not in spendable form, such as funds that are legally required to be maintained in tact (corpus of a permanent fund).

Restricted – Funds that are restricted for use by an external party, constitutional provision, or enabling legislation.

Assigned – Funds intended to be used for specific purposes set by the Board of Selectmen.

Unassigned – Funds available for any purpose.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue arises when resources are received by the Town before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Compensated Absences

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as a long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

**TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes for the current year were committed on August 22, 2018, on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Payment of taxes was due November 22, 2018 and April 15, 2019, with interest at 7% on all tax bills unpaid as of the due dates.

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 \$27,047 for the year ended June 30, 2019.

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.

Risk Management

The Town pays insurance premiums to certain agencies to cover risks that may occur in normal operations. The Town purchases employee fidelity bond coverage. There have been no significant reductions in insurance coverage from the prior year. No settlements of claims have exceeded insurance coverage in the current year.

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the Fund for its workers compensation coverage. The Town’s agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member Towns’ claims in excess of \$400,000, with an excess limit of \$2,000,000.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense. Actual results could differ from those estimates.

**TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

2. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk of deposits 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.

GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. At June 30, 2019, cash deposits had a carrying value of \$1,368,762. Of the deposited amounts, \$250,000 of demand deposits and \$250,000 of time deposits were protected by FDIC, with the remaining funds being protected with Skowhegan Savings Bank through pledged securities. Accordingly, the Town was not exposed to custodial credit risk at June 30, 2019.

Investments

The Town's investment policies, which follow state 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 has \$2,053,606 invested in certificates of deposit as of June 30, 2019.

3. CAPITAL ASSETS

	Balance 7/1/18	Additions	Deletions	Balance 6/30/19
Governmental activities:				
Non-depreciated assets:				
Land	\$ 612,534	\$ -	\$ -	\$ 612,534
	612,534	-	-	612,534
<i>Depreciated assets:</i>				
Buildings	992,738	-	-	992,738
Infrastructure	445,563	-	-	445,563
Equipment and vehicles	872,578	32,667	-	905,245
	2,310,879	32,667	-	2,343,546
Less accumulated depreciation	(1,540,196)	(115,520)	-	(1,655,716)
Net capital assets	770,683	(82,853)	-	687,830
Governmental activities Capital assets, net	\$ 1,383,217	\$ (82,853)	\$ -	\$ 1,300,364

Depreciation expense can be broken down by department as follows:

Administration	\$ 8,049
Public safety	18,945
Public works	82,937
Transfer station	5,589
	<u>\$115,520</u>

TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

3. CAPITAL ASSETS (CONTINUED)

Business-type activities:	Balance 7/1/18	Additions	Deletions	Balance 6/30/19
Capital assets being depreciated:				
Buildings	\$ 142,230	\$ 83,959	\$ -	\$ 226,189
Equipment and vehicles	236,116	15,540	-	251,656
Infrastructure	3,890,374	-	-	3,890,374
	4,268,720	99,499	-	4,368,219
Less accumulated depreciation	(1,273,423)	(51,983)	-	(1,325,406)
Business-type activities Capital assets, net	\$ 2,995,297	\$ 47,516	\$ -	\$ 3,042,813

4. LONG-TERM DEBT

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

Description	Balance 7/1/18	Additions	(Reductions)	Balance 6/30/19
Governmental activities:				
General obligation bond payable:				
MMBB, 2009 Bond due in annual Installments through 2028. 1.26%	\$ 305,946	\$ -	\$ (30,612)	\$ 275,334
<i>General obligation note payables:</i>				
2018 note Skowhegan Savings, 2.75% Annually through 2022	136,258	-	(32,672)	103,586
2004 Bond due in annual installments through 2034. 3.67%	111,314	-	(8,334)	102,980
Total	\$ 553,518	\$ -	\$(71,618)	\$ 481,900

The annual future principal payment requirement for bonds payable outstanding as of June 30, 2019, is as follows:

Year ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 73,393	\$ 10,997	\$ 84,390
2021	75,155	9,002	84,157
2022	76,911	7,297	84,208
2023	42,410	5,549	47,959
2024	43,353	4,754	48,107
2025-2029	170,678	10,862	181,540
Total	\$ 481,900	\$ 48,461	\$ 530,361

**TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

4. LONG-TERM DEBT (CONTINUED)

The sewer fund has a credit line with Skowhegan Savings Bank with interest due annually. The full amount of the line of credit has a maturity date of March 1, 2023, with an interest rate of 4.08%. The outstanding balance as of June 30, 2019 was \$87,911.

5. PENDING LITIGATION

According to Town management, there are no matters that would result in adverse losses, claims, or assessments against the Town through the date of the audit report.

6. FUND BALANCES

ASSIGNED BALANCES

The Board of Selectmen has the authority to assign amounts specific for future purposes. Approved assigned balances at June 30, 2019, consisted of:

Transfer station	\$ 68,279
Highway equipment reserve	164,247
Fire truck replacement	87,251
Planning funds	12,875
Computer reserve	11,602
Webster Hall	48,102
Comprehensive plan	67,465
Cemetery lots sales	9,311
Sunnyside trust interest	6,067
Playground equipment	270
Riverside interest	2,135
Village enhancement	264,878
Village enhancement sidewalks	25,556
Recreation	12,072
Little league	3,420
Tar account	49,436
Planters	3,412
Bike trails	13,288
Simon's fund	13,091
Simon's emergency fund	473
Kiosk map project	1,540
Bicentennial	4,000
Legal funds	1,850
PW engineering	8,633
Road construction	187,097
Waste water beds	35,608
Safe route to school	89,481
Map updates	6,582
Village parking fund	76,537
Sunnyside cemetery trust	60,475
Sidewalk equipment – PW	10,042
Wyman scholarship interest	310
Flag interest	481
Total	<u>\$ 1,345,866</u>

**TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

6. FUND BALANCES (CONTINUED)

RESTRICTED BALANCES – General Fund

Restricted amounts are funds that have been restricted to being used for a specific purpose by an external party, constitutional provision, or enabling legislation. Restricted balances at June 30, 2019, are:

TIF	\$ 679
TIF – legal	3,000
TIF – grant funds	5,000
TIF – wireless internet access	3,490
Total	<u>\$ 12,169</u>

7. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Kingfield's landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain post closure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for post closure care. The annual amount will be paid for within the Town's annual operating budget.

8. SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including the audit report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

9. DEFERRED COMPENSATION PLAN

The Town offers full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through ICMA Retirement Corporation. The plan permits salary deferral to future years. Participation in the plan is optional. As of June 30, 2019, five employees were enrolled in the plan. The deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

The Town has amended its plan in accordance with Internal Revenue Section 457(g); therefore, the Town no longer owns the deferred amounts and they have been removed from the Town's financial statements.

Investments are managed by the plan's trustee under one of two investment options or a combination thereof. The choice of investment options is made by the participants.

The Town's policy states the Town shall match 3%. Total Town contributions for the year ended June 30, 2019 was \$6,250.

**TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

10. OPEB OBLIGATIONS

Plan Description

The Town provides health insurance to its employees through Maine Municipal Employees Health Trust (MMEHT). The Town does not provide postemployment or postretirement health benefits, but it is subject to an implicit benefit for its members in MMEHT.

Accounting Policies

The impact of experience gains or losses and assumption changes on the Total OPEB Liability (TOL) are recognized in the OPEB expense over the average expected remaining life of all active and inactive members of the Plan. As of the beginning of the measurement period, this average was 6 years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next 5 years, and thereafter:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 753	\$ -
Changes in assumptions	1,567	1,859
Net difference between projected & actual earnings on OPEB plan investments	-	-
Total	\$ 2,320	\$ 1,859

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

Year ended June 30:

2020	209
2021	209
2022	209
2023	205
2024	(371)
Thereafter	0

As of January 1, 2018, the plan membership data is comprised of 5 active members with only an implicit benefit.

**TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

10. OPEB OBLIGATIONS (CONTINUED)

Key Economic Assumptions:

Measurement date: January 1, 2019

Discount rates: 4.10% per annum for year end 2019 reporting
3.44% per annum for year end 2018 reporting

Trend assumptions: *Pre-Medicare Medical* – Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug – Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Medical – Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Drug – Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Administrative and claims expense – 3% per annum.

Future Plan Changes

It is assumed that the current plan and cost-sharing structure remains in place for all future years.

Demographic Assumptions:

Retiree continuation: Retirees who are current Medicare participants – 100%
Retirees who are Pre-medicare, active participants – 75%
Spouses who are Pre-medicare, spouse is active participant – 50%

Rate of mortality: Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

**TOWN OF KINGFIELD, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

10. OPEB OBLIGATIONS (CONTINUED)

Marriage assumptions: A husband is assumed to be 3-years older than his wife.

Assumed rate of retirement:

For employees hired prior to July 1, 2014
Age 55-58 – 5%
Age 59-64 – 20%
Age 65-69 - 25%
Age 70+ - 100%
For employees hired after July 1, 2014
Age 55-63 – 5%
Age 64-69 – 20%
Age 70+ - 100%

Salary increases: 2.75% per year

Discount Rate

The discount rate used to measure the TOL was 4.10% based on a measurement date of January 1, 2019. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

The following table shows how the net OPEB liability as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 4.10%.

1% Decrease 3.10%	Current Rate 4.10%	1% Increase 5.10%
\$ 26,505	\$ 23,006	\$ 20,124

Changes in the healthcare trend affect the measurement of the TOL. Lower healthcare trend rates produce a lower TOL and higher healthcare trend rates produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trend rates.

1% Decrease	Healthcare Trend Rates	1% Increase
\$ 19,711	\$ 23,006	\$ 27,065

A 1% decrease in the healthcare trend rate decreases the NOL by approximately 14.3%. A 1% increase in the healthcare trend rate increases the NOL by approximately 17.6%.

11. RESTATEMENT OF NET POSITION

The Town's opening net position has been restated to account for the effects of the implementation of GASB #75 as follows:

Beginning net position – as originally stated	\$ 3,739,680
Net OPEB liability as of June 30, 2018	<u>(17,216)</u>
Net position July 1, 2018 - restated	\$ 3,722,464

**Town of Kingfield, Maine
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,087,889	\$ 2,087,889	\$ 2,069,130	\$ (18,759)
Excise taxes	201,500	201,500	232,085	30,585
Intergovernmental revenue	692,472	692,472	724,655	32,183
Interest income	-	-	51,888	51,888
Interest on taxes and liens	-	-	12,768	12,768
Charges for services	179,350	179,350	198,913	19,563
Other revenues	30,703	51,031	151,426	100,395
<i>Total revenues</i>	<i>3,191,914</i>	<i>3,212,242</i>	<i>3,440,864</i>	<i>228,622</i>
EXPENDITURES:				
General government	309,200	369,121	297,595	71,525
Public safety	155,095	221,228	173,080	48,148
Public works	294,300	1,003,391	330,987	672,405
Transfer station	232,674	294,959	242,446	52,513
Education	1,549,681	1,549,681	1,549,681	-
County tax	156,051	156,051	156,051	-
Social services	19,538	98,639	20,346	78,292
Debt service	85,758	85,758	85,758	-
Unclassified	337,570	393,437	76,532	316,905
<i>Total expenditures</i>	<i>3,139,867</i>	<i>4,172,266</i>	<i>2,932,477</i>	<i>1,239,789</i>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>52,047</i>	<i>(960,024)</i>	<i>508,387</i>	<i>1,468,411</i>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	171	(171)
Operating transfers (out)	(25,000)	(25,000)	(25,000)	-
<i>Total other financing sources</i>	<i>(25,000)</i>	<i>(25,000)</i>	<i>(24,829)</i>	<i>(171)</i>
<i>Net changes in fund balances</i>			<i>483,558</i>	
FUND BALANCES - BEGINNING			2,760,521	
FUND BALANCES - ENDING			\$ 3,244,079	

Town of Kingfield, Maine
Combining Balance Sheet - All Other Non-Major Governmental Funds
June 30, 2019

	<i>Permanent Funds</i>		<i>Total Other Governmental Funds</i>
	<u> </u>		<u> </u>
ASSETS:			
Cash and cash equivalents	\$ 11,115	\$	11,115
Interfund receivable	8,215		8,215
	<u> </u>		<u> </u>
TOTAL ASSETS	\$ 19,330	\$	19,330
	<u> </u>		<u> </u>
LIABILITIES AND FUND BALANCE:			
<i>Fund Balance:</i>			
Non-spendable	\$ 8,215	\$	8,215
Restricted	11,115		11,115
<i>Total fund balance</i>	<u>19,330</u>		<u>19,330</u>
	<u> </u>		<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,330	\$	19,330
	<u> </u>		<u> </u>

Town of Kingfield, Maine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Other Non-Major Governmental Funds
For the Year Ended June 30, 2019

	<i>Permanent Funds</i>	<i>Total Other Governmental Funds</i>	
REVENUES:			
Interest Income	\$ 171	\$ 171	
<i>Total revenues</i>	171	171	
 <i>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</i>	 171	 171	
 OTHER FINANCING SOURCES (USES) OF FUNDS:			
Transfer (to) from General Fund	(171)	(171)	
<i>Total other financing sources (uses)</i>	(171)	(171)	
 <i>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</i>	 -	 -	
 FUND BALANCE - BEGINNING OF YEAR	 19,330	 19,330	
 FUND BALANCE - END OF YEAR	 \$ 19,330	 \$ 19,330	

Town of Kingfield, Maine
Schedule of Property Valuation, Assessment, and Appropriations
General Fund
For the Year Ended June 30, 2019

<i>Assessed Valuation:</i>	
Real estate valuation	\$ 124,218,944
Personal property valuation	<u>2,319,800</u>
 <i>Total valuation</i>	 <u>126,538,744</u>
 <i>Tax Commitment:</i>	
Tax assessment at \$16.50 per thousand	<u>2,087,889</u>
 <i>Reconciliation of Commitment with Appropriation:</i>	
Current year tax commitment, as above	2,087,889
Estimated revenues	1,104,024
Budgeted transfers out	<u>(25,000)</u>
 <i>Appropriations per original budget</i>	 <u>3,166,914</u>
 <i>Overlay</i>	 <u>(27,047)</u>
 TOTAL APPROPRIATIONS	 <u>\$ 3,139,867</u>

Town of Kingfield, Maine
Schedule of Taxes and Tax Liens Receivable
General Fund
June 30, 2019

<i>Taxes receivable:</i>		
Real property	\$ 119,087	
Personal property	<u>17,705</u>	
		\$ 136,791
 <i>Tax liens receivable:</i>		
2018	<u>33,729</u>	
		<u>33,729</u>
 TOTAL TAXES AND TAX LIENS RECEIVABLE		 <u>\$ 170,520</u>