

Audited Financial Statements and  
Other Financial Information

Town of Pittsfield, Maine

December 31, 2018



*Proven Expertise and Integrity*

TOWN OF PITTSFIELD, MAINE

CONTENTS

DECEMBER 31, 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 19
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	20
STATEMENT B - STATEMENT OF ACTIVITIES	21 - 22
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	23
STATEMENT D - RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	24
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	25
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	26
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	27
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	28
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	29
NOTES TO FINANCIAL STATEMENTS	30 - 73
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	74
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	75

SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	76
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	77
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	78
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	79
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	80
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	81
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	82
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	83
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OF OPERATIONS - GENERAL FUND	84 - 86
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	87
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	88
SPECIAL REVENUE FUNDS DESCRIPTION	89
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	90 - 97
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	98 - 105
PERMANENT FUNDS DESCRIPTION	106
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	107 - 108
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	109 - 110

GENERAL CAPITAL ASSETS DESCRIPTION	111
SCHEDULE I - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	112
SCHEDULE J - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	113

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	114 - 115
--	-----------



*Proven Expertise and Integrity*

## INDEPENDENT AUDITORS' REPORT

Town Council  
Town of Pittsfield  
Pittsfield, Maine

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
www.rhrsmith.com

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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Pittsfield, Maine as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 19 and 75 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pittsfield, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019, on our consideration of the Town of Pittsfield, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pittsfield, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
June 21, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

**(UNAUDITED)**

The following management's discussion and analysis of Town of Pittsfield, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Pittsfield's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedules and pension information, and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

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

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, public services, education and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Pittsfield include a sewer department and a water department.

### **Fund Financial Statements**

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

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

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

The Town of Pittsfield presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the economic development revolving loan fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

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

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Changes in Net OPEB Liability, a Schedule of Changes in Net OPEB Liability and Related Ratios, a Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

## Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for the governmental funds is \$12,122,611 at the end of the year. For the business-type activities (water and sewer enterprise funds) the total net position is \$6,210,233 at the end of the year. In total, the net position is \$18,336,148, which is a decrease of \$554,632 over fiscal year 2017. Most of this increase was due to a decrease in assets.

The largest portion of the Town of Pittsfield's net position of \$6,421,765 or 52.97% for governmental and \$3,494,741 or 56.27% for business-type, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town of Pittsfield uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town of Pittsfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's governmental activities net position of \$2,053,089 or 16.93% for governmental activities and \$2,106,078 or 33.91% for business-type activities, represents resources that are subject to external restrictions on how they may be used. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The Town's unrestricted net position for governmental activities of \$3,652,316 or 30.13% and \$609,414 or 9.81% for business-type activities may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year the Town of Pittsfield is able to report positive balances in all categories of net position, both for the governmental and business-type activities.

**Table 1**  
**Town of Pittsfield, Maine**  
**Net Position**  
**December 31,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2018</b>	<b>2017 (Restated)</b>	<b>2018</b>	<b>2017</b>
<b>Assets:</b>				
Current Assets	\$ 6,354,181	\$ 6,768,206	\$ 2,741,182	\$ 2,737,812
Capital Assets	7,128,696	7,347,165	7,128,907	7,375,670
Total Assets	<u>13,482,877</u>	<u>14,115,371</u>	<u>9,870,089</u>	<u>10,113,482</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	57,653	96,103	-	-
Deferred Outflows Related to OPEB	29,282	-	-	-
Total Deferred Outflows of Resources	<u>86,935</u>	<u>96,103</u>	<u>-</u>	<u>-</u>
<b>Liabilities:</b>				
Current Liabilities	376,463	256,907	198,551	254,701
Long-term Debt Outstanding	1,022,641	1,163,576	3,461,305	3,648,936
Total Liabilities	<u>1,399,104</u>	<u>1,420,483</u>	<u>3,659,856</u>	<u>3,903,637</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	19,010	19,377	-	-
Deferred Revenues	-	30,847	-	-
Deferred Inflows Related to Pensions	29,087	63,136	-	-
Total Deferred Inflows of Resources	<u>48,097</u>	<u>113,360</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	6,421,765	6,512,103	3,494,741	3,529,690
Restricted: Special Revenue Funds	991,844	986,360	-	-
Permanent Funds	1,056,686	1,139,178	-	-
Sewer Fund	-	-	1,491,315	1,440,882
Water Fund	-	-	614,763	583,486
Unrestricted	3,652,316	4,039,990	609,414	655,787
Total Net Position	<u>\$ 12,122,611</u>	<u>\$ 12,677,631</u>	<u>\$ 6,210,233</u>	<u>\$ 6,209,845</u>

### Revenues and Expenses

Total revenues for the Town's governmental activities increased by \$450,064, mostly due to taxes and grants and contributions not restricted to specific programs. Total expenses increased by \$1,078,509 mainly due to public works, unclassified and capital outlay.

For the business-type activities, revenues decreased by \$129,781. This decrease was mainly the result of other revenues. The overall decrease in expenses was \$98,674, which was mainly due to expenses.

**Table 2**  
**Town of Pittsfield, Maine**  
**Change in Net Position**  
**For the Years Ended December 31,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 193,721	\$ 205,126	\$ 767,374	\$ 796,592
Operating grants and contributions	62,364	62,916	-	-
<i>General Revenues:</i>				
Taxes	5,884,408	5,474,654	-	-
Grants and contributions not restricted to specific programs	901,507	689,097	-	-
Investment income, net of unrealized gains/(losses)	(68,596)	114,771	297	362
Interest income	2,147	342	-	-
Other revenues	161,312	139,893	27,650	128,148
<b>Total Revenues</b>	<b>7,136,863</b>	<b>6,686,799</b>	<b>795,321</b>	<b>925,102</b>
<b>Expenses</b>				
General government	605,320	765,948	-	-
Public safety	448,625	619,310	-	-
Public works	1,414,079	676,787	-	-
Public services	441,315	401,339	-	-
Education	3,227,581	3,199,069	-	-
County tax	590,566	581,019	-	-
Unclassified	635,043	256,960	-	-
Capital outlay	234,232	11,586	-	-
Interest on long-term debt	17,583	23,817	-	-
Unallocated depreciation (Note 4)	73,069	73,069	-	-
Water/sewer expenses	-	-	794,933	893,607
<b>Total Expenses</b>	<b>7,687,413</b>	<b>6,608,904</b>	<b>794,933</b>	<b>893,607</b>
Change in Net Position	(550,550)	77,895	388	31,495
Net Position - January 1, Restated	12,673,161	12,599,736	6,209,845	6,178,350
Net Position - December 31	<b>\$ 12,122,611</b>	<b>\$ 12,677,631</b>	<b>\$ 6,210,233</b>	<b>\$ 6,209,845</b>

### Financial Analysis of the Town's Fund Statements

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

**Table 3**  
**Town of Pittsfield, Maine**  
**Fund Balances - Governmental Funds**  
**December 31,**

	<u>2018</u>	<u>2017</u>
Major Funds:		
General Fund:		
Committed	\$ 2,414,516	\$ 2,657,120
Assigned	399,510	399,510
Unassigned	<u>597,851</u>	<u>818,401</u>
Total General Fund	<u>3,411,877</u>	<u>3,875,031</u>
Economic Development Revolving Loan:		
Restricted	<u>250,756</u>	<u>251,124</u>
Total Major Funds	<u>\$ 3,662,633</u>	<u>\$ 4,126,155</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 741,088	\$ 735,236
Committed	59,193	50,977
Assigned	23,756	19,012
Unassigned	(65)	-
Permanent Funds:		
Restricted	1,056,686	1,139,178
Unassigned	-	(89)
Total Nonmajor Funds	<u>\$ 1,880,658</u>	<u>\$ 1,944,314</u>

The general fund total fund balance decreased by \$463,154 from the prior fiscal year primarily due to transfers to other funds. The economic development revolving loan fund total fund balance decreased by \$368 due to expenditures exceeding revenues. The nonmajor funds total fund balance decreased by \$59,186 from the prior fiscal year due to expenditures exceeding revenues.

*Proprietary funds:* The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

## Capital Asset and Long-Term Debt Activity

### Capital Assets

The Town has begun to include the historical cost or estimated fair market value of infrastructure systems in its capital assets. More detailed information on capital asset activity can be found in Note 4 of Notes to Financial Statements.

For the current year the Town has the following capital highlights:

1. The Town's budget for 2018 contained an appropriation of \$105,000 for capital projects in addition to funds available from past appropriations contained in the reserve accounts. This was the result of numerous items including construction in progress being lower by \$536,172 in 2018. At December 31, 2018, the net book value of capital assets recorded by the Town decreased by \$465,232 from the prior year. This was the result of capital additions of \$836,946 less current year depreciation expense of \$785,849.
2. Numerous capital grant projects are described in detail under economic factors below.

**Table 4**  
**Town of Pittsfield, Maine**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<u>2018</u>	<u>2017</u> <u>(Restated)</u>
Land	\$ 1,470,957	\$ 1,470,957
Construction in progress	982,325	1,518,497
Buildings, building improvements and land improvements	3,042,663	3,305,668
Machinery, equipment and vehicles	1,420,729	890,511
Infrastructure	7,340,929	7,537,202
Total	<u>\$ 14,257,603</u>	<u>\$ 14,722,835</u>

### Debt

At the end of the 2018 fiscal year, the Town of Pittsfield had \$4,809,241 in bonds outstanding, capital leases, accrued compensated absences, net pension liability and net OPEB liability versus \$5,119,455 last year, as shown in Note 5 of the financial statements. The total enterprise and general fund long-term debt for bonds and notes at the end of the fiscal year 2018 decreased by \$252,085 to \$3,753,895. In 2011, the

Town had refinanced older bonds for water improvements and sewer improvements for lower interest rate payments, which are now in effect. The amount to amortize the interest on the long-term debt for bonds and notes as of the end of the 2018 fiscal year is \$770,082. The total annual requirements to amortize the long-term debt outstanding as of December 31, 2018 are \$3,753,895. Therefore, the Town has bonds or loans for the 2006 Water Meter Upgrade Project; 2006 Sewer Mains and Manholes Project; 2010 Water Backup Pump Loan, 2011 Highway Paving Loan; 2011 Drinking Water State Revolving Loan for Waverly Street River Crossing, 2011 Refinancing of the 2008 Sewer System Rehabilitation Bond through the Clean Water State Revolving Loan Program; 2011 Refinancing of the 1999 USDA Grove Hill Bond for Water Improvements through the Maine Municipal Bond General Loan Program; the 2013 USDA Sewer System Rehabilitation Bond the 2016 Sewer System Rehabilitation Bond through the Clean Water State Revolving Loan Program and the 2016 North Main Street (Grove Hill) Project through the Drinking Water State Revolving Loan Program at the Maine Municipal Bond Bank. The Town authorized a Lease-Purchase Agreement for a new Waste Transporter for the Transfer Station and Recycling Program in the amount of \$180,496. This added debt service of \$39,147 for five years to the Town's Capital Lease Program. All debt is backed by the full faith and credit of the Town.

The Town of Pittsfield maintains an "A" rating from Standard and Poor's for any debt it will issue for its general obligation debt, having had its rating increased in April of 2008 from "BBB" to "A-" and raised again in October of 2011 from "A-" to "A". The Town's bond rating as of December 31, 2018 remained at an "A" rating.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation. The Town's outstanding general obligation debt excluding school and/or county overlapping debt is \$4,005,980, which is less than the current debt limitation for the Town.

## **Currently Known Facts, Decisions, or Conditions**

### **Budgetary Highlights**

For the year ending December 31, 2018, the Town of Pittsfield did not have any budgetary overdrafts.

When concentrating on Municipal Operations for the fiscal year 2018 (January 1, 2018 - December 31, 2018), the Town approved an operating budget in the amount of \$3,117,424 (excluding education, county tax, tax increment financing and overlay). The capital funds approved in the budget from taxes were \$105,000. In summary, the bottom line of the municipal operating and capital budget for 2018 was \$3,222,424. The bottom line of the municipal revenue budget including the approved use of fund balance for 2018 was \$1,850,814.

After several zero-based budgets and actual decreases in the budget, the Town was unable to continue with any more decreases especially considering the erosion of traditional revenue sources for municipalities through significant decreases in State

Revenue Sharing and other state revenues in 2010. In 2017, the Town made additions to the budget for debt service and general services. In 2011 - 2016, the Town was able to effectively utilize its zero based budgeting program again. For 2018, the amount of funds raised through taxes for the Municipal Budget was \$1,371,610. For 2017, the amount of funds raised through taxes for the Municipal Budget was \$1,286,004. For 2016, the amount of funds raised through taxes for the Municipal Budget was \$1,657,974. The amount of taxes required for the municipal budget in 2002 was \$1,061,947; in 2003 was \$991,789; in 2004 was \$944,962; in 2005 was \$918,216; in 2006 was \$955,511; in 2007 was \$833,741; in 2008 was \$906,748; in 2009 was \$916,154; in 2010 was \$1,297,483; in 2011 was \$1,294,474; in 2012 was \$1,293,692; in 2013 was \$1,266,094; in 2014 was \$1,260,652, and in 2015 was \$1,230,854. In 2007, the Town utilized a one-time increase received from State Revenue Sharing to reduce the taxes. With State Revenue Sharing and other revenue sources decreasing, the revenue budget was adjusted in 2010 to reflect the economic conditions.

The Charter provides for the Town Council by ordinance to transfer part or all of any unencumbered appropriation balance from one department to another. In 2018, the Town Council authorized \$70,000 in transfers between budget accounts to address additional unanticipated expenses. In 2017, the Town Council authorized \$27,010 in transfers between budget accounts to address additional unanticipated expenses. In 2016, the Town Council authorized \$31,000 in transfers between budget accounts to address additional unanticipated expenses. In 2015, the Town Council authorized \$25,800 in transfers to address unanticipated additional expenses not in the budget. In 2014, the Town Council authorized \$8,000 in transfers to address unanticipated additional expenses not in the budget. In 2013, the Town Council authorized \$6,000 in transfers to assist with unexpected expenses not in the budget. In 2012, the Town Council authorized \$8,000 in transfers to assist with unexpected expenses. In 2011, the Town Council authorized \$6,000 in transfers to assist with unexpected expenses not generally in the budget. In 2010, the Town Council authorized \$14,000 in transfers as the budget was even tighter than in past years. All years since 2009 have been difficult budget years due to the economic recession still evident throughout Maine. In 2009, as a result of considerably lower general fund revenues being realized that assist in funding the budget, the Town implemented an informal freeze on expenditures for most of the year to conserve the budget. In 2009, the Town did not need to authorize any transfers as the budget had been frozen; in 2008, the Town Council authorized \$11,300 in transfers; in 2007, \$7,700 was authorized, in 2006 \$7,700 was authorized and in 2005, \$8,500 in transfers took place. The Town budgets conservatively for items utilizing zero based budgeting techniques. If an unexpected expense comes up, a budget can be exceeded, therefore, having the ability to transfer funds between the department budgets assists in having the budgets as low as possible and ultimately taxes as low as possible. Even taking into consideration all of the additional services that the Town provides as a service center, the Town's usual conservative spending trends were made as stringent as possible given the economic conditions.

The Town of Pittsfield has a strong purchase policy to prevent unnecessary departmental over expenditures. In the past, the Town Manager and/or Deputy

Treasurer have approved all expenditures with the Town Manager checking all approvals. Due to the changes in municipal revenue sources by the State, the Town Manager has been approving all purchase orders from 2012 - 2018. Transfers are completed in accordance with the Town Charter and over expenditures are normally held to overtime due to emergencies and other unavoidable or unanticipated situations.

The Municipal budget, including capital outlay, school assessment, county assessment, and overlay for 2018 were \$7,413,797 with total expenditures for these accounts coming in at \$7,177,983.

The Town received many opportunities including smaller grant awards in 2018 and continued to close out grants so that the years of 2019 - 2020 would allow time to concentrate on large grant and low interest loan opportunities for infrastructure.

The Town utilized considerable funds from undesignated fund balance this year to assist with taxes. Positive variances will be allocated for application toward the municipal budget in a subsequent year to assist with taxes.

### **Economic Factors and Next Year's Budgets and Rates**

The Town has steadily maintained a sufficient undesignated fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

When creating the budget, the primary objective was to provide Town services at their current level while at the same time attempting to keep the tax rate as low as possible.

Centrally located along Interstate 95, Pittsfield is within easy access of major markets. Located 40 miles north of Augusta and 33 miles south of Bangor, the Town has long been a commercial and industrial center in Central Maine. Pittsfield is the largest town in a 20-mile radius and serves as a service center for the surrounding towns which places additional strains upon the budget and level of services provided. Pittsfield is a major employment center for the region, with approximately 2,300 people working in town daily. Pittsfield provides a job for half of its own workers. One of Pittsfield's strengths as an employment center is its diversity of business types and sizes. These businesses, in turn, both train and employ a well-rounded highly skilled labor force. The diversity of employment opportunities available to area residents is very healthy for the community. With Seabasticook Valley Health and the related health community expanding in Pittsfield, an increasing number of jobs in health-related occupations have been added to the Town's diverse employment base. In total, the Town hosts nearly 200 businesses.

In 2012, Pittsfield was fortunate to be certified as a "Business Friendly" community by the Department of Economic and Community Development through a

very competitive state process. Currently, thirty-five communities have received this distinction.

The Town's economic development marketing focuses upon industries that will contribute to the strength of the local economy and provide for the creation of higher-wage, higher-skill jobs. Existing firms tend to be concentrated in three principal areas: (1) precision manufacturing; (2) forest products or advanced technology value added wood products; and (3) high technology. In addition, the Town is becoming quite popular for agriculture again while the medical cluster continues to grow. The Town will focus economic development activities aimed at expanding existing firms or attracting new firms in these principal areas or clusters. The Town will focus economic development activities aimed at expanding existing firms or attracting new firms in these three principal areas or industry clusters. The Town continues to emphasize diversification of its tax base as much as possible and obtaining grant funding to prepare for the future when the economy provides more opportunities for growth and development.

The Pittsfield Municipal Airport provides a service area extending for a 20-mile radius. In 2003, the Town was awarded over \$2.5 million dollars in federal and state grant funding for rehabilitation and a major upgrade of the airport facilities. This extensive construction project began in August of 2003. The Town was then provided with the opportunity for an amendment to the grant to add \$155,000 in safety enhancements for the airport. The project was completed in early 2005 with many economic development opportunities available. The Town was then awarded several more airport improvement grants in order to prepare for and complete a large reconstruction project of the airport apron totaling \$1,195,830 in 2010. Due to the importance of the airport to the economics of the region, the Town's business base and the recreational flying community, the airport's hangers, tie downs and services are often full. In 2011, the Town was awarded an Environmental Assessment grant from the FAA to review Apron Expansion options. In 2012, the Town was awarded an Engineering Assistance grant to design the apron expansion that is included in the Maine Department of Transportation Capital Improvement Plan for the Pittsfield Municipal Airport for 2013. In 2013, the Town received approval for two airport improvement projects totaling \$907,220 for the apron expansion and taxiway reconstruction. The project was substantially completed at the end of 2013. In 2014, the Town was approved for a comprehensive review of the Airport Master Plan. This was listed in its Capital Improvement Plan for 2014 in order to determine the future needs and enhancements for the airport. The Town was fortunate to be provided with the opportunity for a major crack sealing and pavement marking project as part of a State bid in 2015 which greatly improved the lifespan of the surface. In 2016, the Airport Master Plan was completed. The Pittsfield Municipal Airport now has an Airport Master Plan for the next 20 years. In 2017, the Town started planning for a hanger with the completion of the last safety enhancement of a Wildlife Management Plan.

The Capital Improvement Plan for the Airport for 2016 - 2035 lists \$5,510,000 in grant project opportunities for the upcoming twenty-year period. The Pittsfield Municipal Airport is an economic engine for the region and one of the highest producers of the

general aviation airports in the State of Maine. The Pittsfield Municipal Airport, with its significant upgrades, is an important regional facility for this part of the State of Maine.

The Town has been fortunate to have a steady property tax base over the years and to have experienced a stable economy from business development and employment growth over the last several years. However, there is a fine line between the services demanded and the services the Town taxpayers can afford. 2015 saw the closure of the former Edwards plant that had survived many acquisitions but did not survive the consolidation efforts of the United Technologies Corporation. The year also saw a number of expansions and plans for future development. A number of companies added positions this year. 2016 was a year with many small to medium business starts. In 2016, the Town was pleased that the former UTC plant attracted the attention of a developer who plans to purchase the complex. Due to the state law changes in personal property tax, the Town's valuation is now decreasing due to the elimination of personal property valuation over a period of years. It is clear that this law change will continue to result in very conservative budgeting for the Town during the next several years.

The Town is watching the State economic and political climates. Changes in the formulas of State aid to education and municipal revenue sharing can have an impact on the amount of revenue the Town receives therefore creating a negative impact on the Town's budget. Statewide citizen initiatives and referendums can have a lasting effect on the Town's planning and budgeting process. The economy had begun to impact the Town, as well as the entire nation at the end of 2008 and definitely continued as the #1 topic of concern during 2016. In 2016, there certainly were several indicators of economic growth. Several smaller to medium size businesses have opened or expanded and business loan opportunities have increased. With applications underway for several projects, it is expected that more development will take place in 2017. This will be very helpful as the Town continues to deal with the closure of a major factory as the parent company moved its operations out of the country.

The Town of Pittsfield received a rating review by Standard & Poor's in October of 2011. In April of 2008, Standard & Poor's had raised its SPUR rating of "BBB" to "A-" and gave the Town a stable outlook on General Obligation Bonds. In 2011, Standard & Poor increased that rating to "A" citing the Town's strong and stable financial position. On December 31, 2018, the Town's bond rating continued as an "A" rating.

The Town continues its community and economic development program with the implementation of (1) its Economic Development Marketing Plan; (2) business assistance program; (3) airport improvement planning process; (4) Mill Pond Vision and (5) formal Capital Improvement Plan for general government services, highway improvements, water improvements and sewer improvements.

The Town has found alternative revenue sources such as grant funding to be critical to assist with infrastructure and redevelopment needs of the community. Specific projects in past years included (1) the beautification of Hathorn Park and the downtown area through a State Community Gateways Project; (2) community projects

in Remembrance Park and Veterans' Park; (3) on-going review of town ordinances to streamline and enhance the user-friendliness of regulations; (4) Community Development Block Grant Business Assistance Grant for a major expansion of Walpole Woodworkers, Inc. in the Pittsfield Industrial Park; (5) Community Development Block Grant Business Assistance Grant for an expansion of Moosehead Cedar Log Homes to the Town of Pittsfield with its distribution and sales center; (6) Vegetation Management Plan and Permitting for the Airport; (7) Mill Pond Land & Water Conservation Grant for the development of a two-acre day park; (8) Stein Park redevelopment project through the Department of Conservation; (9) Project Canopy funding for urban shade tree planning; (10) Healthy Living grant for new signing for trails and parks; (11) final funding payments received for the Airport Safety Enhancements; (12) final funding payments received for the Airport Snow Removal Equipment; (13) Airport Obstruction Removal at the Pittsfield Municipal Airport; (14) Nutrition grant for a summer program at the Library; (15) Science grant at the Library; (16) Community Development Block Grant Historical Preservation at the Pittsfield Public Library for renovations to the basement; (17) Safe Routes to School Grant for the Vickery School Sidewalk; (18) Community Development Block Grant funding for business development at Global Contact Services (GCS); (19) Engineering for Reconstruction of the Pittsfield Municipal Airport; (20) Land and Water Conservation Fund for the construction of the Community Swimming Pool; (21) EPA Brownfield Cleanup Grant for the Eelwier Property; (22) PUC Renewable Resources funding for a wind turbine at the Pittsfield Recycling Center; (23) Federal Aviation Administration funding for the reconstruction of the Apron at the Pittsfield Municipal Airport; (24) CDBG Riverfront Bond Funding Grant for the Pinnacle Riverfront Park; (25) Efficiency Maine Block Grant Efficiency Funding for a new furnace and solar panels for the Pittsfield Municipal Building; (26) Economic Development Administration Grant for the expansion of the Pittsfield Industrial Park; (27) Land and Water Conservation Fund Hathorn Park - Legge's Field and Sports Complex, Phase I project; (28) Land and Water Conservation Fund Hathorn Park - Legge's Field and Sports Complex, Phase II project; (29) Federal Aviation Administration funding for Environmental Assessment for an Apron Expansion; (30) Community Development Block Grant funding for business development at Argo Marketing Group; (31); Federal Aviation Administration funding for Engineering to Design the Apron Expansion Project at the Airport; (32) Federal Aviation Administration funding for General Aviation Apron Expansion; (33) Federal Aviation Administration funding for Reconstruct Taxiway; (34) Federal Aviation Administration Master Plan Update; (35) Maine Department of Transportation Sidewalk Project; (36) Healthy Community Services; (37) USDA and Maine Forest Service Project Canopy funding for tree planting; (38) Walks to its Parks Project; (39) DOJ Bulletproof Vests Grant; (40) CDBG Economic Development Grant in the amount of \$260,000 awarded late in the year for a manufacturing plant to be located in the Industrial Park Expansion; (41) Northern Regional Border Commission Grant in the amount of \$250,000 for the Madawaska Sewer Main Replacement and (42) CDBG Economic Development Grant for the Main Street Sidewalk in the amount of \$250,000 approved in late 2017 for when MDOT rehabilitates or reconstructs Main Street, as well as an extensive number of smaller grant and foundation applications.

With so many grant applications filed and awards being made in 2010-2016, the Town continued to be very busy working on the grants as well as closing out multiple grant projects for significant community and economic development improvements.

The Town was also able to qualify for the Drinking Water State Revolving Loan Program which offers low interest loans with some grant forgiveness and the Clean Water State Revolving Loan Program low interest loans during 2010 and 2011. The Drinking Water project advanced forward in 2011 with final construction payments in 2012. The Clean Water projects were in progress during 2011 and 2012. As the programs' interest rates were so low, the Town was fortunate to be approved to re-finance higher interest water and sewer loans at lower rates in 2011 to save the Town and its rate payers significant funds over the term of the loans beginning with payments in 2012. In 2015, the Town again applied for Drinking Water State Revolving Loan Funds for a major water main replacement of considerable importance; and for the replacement of an older main with development of a backup main for the water system supply.

The Town had spent much of 2009 and 2010 working toward funding for water and sewer infrastructure that consisted of numerous applications being filed for all available programs. The efforts resulted in the Town being awarded \$3.4 million dollars in funding from the United States Department of Agriculture Rural Development program comprised of \$1.9 million for necessary sludge removal from the Town's Wastewater Treatment Plant Lagoon system and \$1.5 million in grant funding to address the aging sewer infrastructure in the community. With the sludge removal project coming in under budget, more sewer rehabilitation work could be completed. Much of 2011 - 2013 were spent implementing these projects to result in sewer rehabilitation projects taking place on several roads to replace deteriorated leaking sewer mains. In 2011, rehabilitation of sewer lines took place on Nichols Street and a section of Cianchette Avenue which had extensive infiltration while plans were initiated for work on Livingston Street for sewer rehabilitation. In 2012, Livingston Street sewer rehabilitation work was completed and Somerset Avenue rehabilitation work was initiated. In 2013, Somerset Avenue rehabilitation work was completed as well as the School Street and Cross Country line to Hamilton Terrace. Sewer rehabilitation work also began on Main Street by McCarthy Road. More work was completed in 2014 including sewer rehabilitation work on Franklin Street, Stinson Street and Davis Street. Excellent bid pricing for projects during 2011 - 2014 has resulted in significant savings. Therefore, much more work was completed than originally anticipated and only a small amount of retainage remained at the end of 2014.

In 2014, the Town qualified for a low interest loan from the Clean Water State Revolving Loan Fund for \$445,000 for the replacement of a sewer main on Peltoma Avenue. A section of this road was identified as having one of the highest infiltration rates in the Engineering Sewer Study. The Town was included in the State Plan for Federal Fiscal Year 2014 for the Clean Water State Revolving and Wastewater Facilities Construction Program. The bond closing took place in the Spring of 2015 and the project was constructed in the Summer of 2015 to remove the infiltration from the

sewer line in that area of town. The Town was fortunate to be awarded a Drinking Water State Revolving Loan for the North Main Street (Grove Hill) Water Rehabilitation project in the amount of \$1,057,500 to address a very problematic section of water main. The Town was then awarded a Clean Water State Revolving Loan Project for North Main Street (Grove Hill) in the amount of \$154,000 to address a section of the main that was failing. The Town also was approved for significant upgrades along Hunnewell Avenue, however, due to being previously awarded the North Main Street project, decided to accept a loan for \$85,000 to design the project for the future. The Town will continue to work toward further Drinking Water State Revolving Loan Funds and Clean Water State Revolving Loan funds to be ready for future awards.

While the Town did file other grant applications and project requests that are under consideration for funding at the state and federal government level, 2018 was viewed as a year to complete and/or close out multiple large and small projects with upcoming deadlines.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at 112 Somerset Avenue, Pittsfield, ME 04967.

## TOWN OF PITTSFIELD, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,058,296	\$ 173,535	\$ 4,231,831
Investments	2,863,586	823,795	3,687,381
Accounts receivable (net of allowance for uncollectibles):			
Taxes	483,505	-	483,505
Liens	155,057	-	155,057
Other	287,609	186,895	474,504
Inventory	-	63,085	63,085
Internal balances	(1,493,872)	1,493,872	-
Total current assets	<u>6,354,181</u>	<u>2,741,182</u>	<u>9,095,363</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,336,149	1,117,133	2,453,282
Buildings and vehicles, net of accumulated depreciation	<u>5,792,547</u>	<u>6,011,774</u>	<u>11,804,321</u>
Total noncurrent assets	<u>7,128,696</u>	<u>7,128,907</u>	<u>14,257,603</u>
<b>TOTAL ASSETS</b>	<u>13,482,877</u>	<u>9,870,089</u>	<u>23,352,966</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	57,653	-	57,653
Deferred outflows related to OPEB	<u>29,282</u>	<u>-</u>	<u>29,282</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>86,935</u>	<u>-</u>	<u>86,935</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 13,569,812</u>	<u>\$ 9,870,089</u>	<u>\$ 23,439,901</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 119,397	\$ 782	\$ 120,179
Accrued expenses	125,623	-	125,623
Accrued interest	-	3,917	3,917
Current portion of long-term obligations	<u>131,443</u>	<u>193,852</u>	<u>325,295</u>
Total current liabilities	<u>376,463</u>	<u>198,551</u>	<u>575,014</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	80,000	3,441,106	3,521,106
Capital lease payable	502,292	-	502,292
Accrued compensated absences	129,283	20,199	149,482
Net pension liability	115,007	-	115,007
Net OPEB liability	<u>196,059</u>	<u>-</u>	<u>196,059</u>
Total noncurrent liabilities	<u>1,022,641</u>	<u>3,461,305</u>	<u>4,483,946</u>
<b>TOTAL LIABILITIES</b>	<u>1,399,104</u>	<u>3,659,856</u>	<u>5,058,960</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	19,010	-	19,010
Deferred inflows related to pensions	<u>29,087</u>	<u>-</u>	<u>29,087</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>48,097</u>	<u>-</u>	<u>48,097</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,421,765	3,494,741	9,916,506
Restricted: Special revenue funds	991,844	-	991,844
Permanent funds	1,056,686	-	1,056,686
Sewer fund	-	1,491,315	1,491,315
Water fund	-	614,763	614,763
Unrestricted	<u>3,652,316</u>	<u>609,414</u>	<u>4,261,730</u>
<b>TOTAL NET POSITION</b>	<u>12,122,611</u>	<u>6,210,233</u>	<u>18,332,844</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 13,569,812</u>	<u>\$ 9,870,089</u>	<u>\$ 23,439,901</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PITTSFIELD, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total Government
Governmental activities:							
General government	\$ 605,320	\$ 27,009	\$ -	\$ -	\$ (578,311)	\$ -	\$ (578,311)
Public safety	448,625	2,242	-	-	(446,383)	-	(446,383)
Public works	1,414,079	96,146	62,364	-	(1,255,569)	-	(1,255,569)
Public services	441,315	68,324	-	-	(372,991)	-	(372,991)
Education	3,227,581	-	-	-	(3,227,581)	-	(3,227,581)
County tax	590,566	-	-	-	(590,566)	-	(590,566)
Unclassified	635,043	-	-	-	(635,043)	-	(635,043)
Capital outlay	234,232	-	-	-	(234,232)	-	(234,232)
Unallocated depreciation (Note 4)*	73,069	-	-	-	(73,069)	-	(73,069)
Interest on long-term debt	17,583	-	-	-	(17,583)	-	(17,583)
Total governmental activities	<u>7,687,413</u>	<u>193,721</u>	<u>62,364</u>	<u>-</u>	<u>(7,431,328)</u>	<u>-</u>	<u>(7,431,328)</u>
Business-type activities:							
Sewer department	365,970	377,946	-	-	-	11,976	11,976
Water department	428,963	389,428	-	-	-	(39,535)	(39,535)
Total business-type activities	<u>794,933</u>	<u>767,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,559)</u>	<u>(27,559)</u>
Total government	<u>\$ 8,482,346</u>	<u>\$ 961,095</u>	<u>\$ 62,364</u>	<u>\$ -</u>	<u>(7,431,328)</u>	<u>(27,559)</u>	<u>(7,458,887)</u>

\* This amount excludes depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)  
TOWN OF PITTSFIELD, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(7,431,328)</u>	<u>(27,559)</u>	<u>(7,458,887)</u>
General revenues:			
General tax revenues	5,884,408	-	5,884,408
Grants and contributions not restricted to specific programs	901,507	-	901,507
Investment income, net of unrealized gains/(losses)	(68,596)	297	(68,299)
Interest income	2,147	-	2,147
Other income	166,312	22,650	188,962
Transfers	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>
Total general revenues	<u>6,880,778</u>	<u>27,947</u>	<u>6,908,725</u>
Change in net position	(550,550)	388	(550,162)
Net position - January 1, Restated	<u>12,673,161</u>	<u>6,209,845</u>	<u>18,883,006</u>
Net position - December 31	<u>\$ 12,122,611</u>	<u>\$ 6,210,233</u>	<u>\$ 18,332,844</u>

See accompanying independent auditors' report and notes to financial statements.

## STATEMENT C

## TOWN OF PITTSFIELD, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	General Fund	Economic Development Revolving Loan	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,897,658	\$ 250,756	\$ 909,882	\$ 4,058,296
Investments	1,927,271	-	936,315	2,863,586
Accounts receivable (net of allowance for uncollectibles):				
Taxes	483,505	-	-	483,505
Liens	155,057	-	-	155,057
Other	285,480	-	2,129	287,609
Due from other funds	4,169	-	110,070	114,239
<b>TOTAL ASSETS</b>	<b>\$ 5,753,140</b>	<b>\$ 250,756</b>	<b>\$ 1,958,396</b>	<b>\$ 7,962,292</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 45,828	\$ -	\$ 73,569	\$ 119,397
Accrued expenses	125,623	-	-	125,623
Due to other funds	1,603,942	-	4,169	1,608,111
<b>TOTAL LIABILITIES</b>	<b>1,775,393</b>	<b>-</b>	<b>77,738</b>	<b>1,853,131</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	19,010	-	-	19,010
Deferred tax revenues	546,860	-	-	546,860
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>565,870</b>	<b>-</b>	<b>-</b>	<b>565,870</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	250,756	1,797,774	2,048,530
Committed	2,414,516	-	59,193	2,473,709
Assigned	399,510	-	23,756	423,266
Unassigned	597,851	-	(65)	597,786
<b>TOTAL FUND BALANCES</b>	<b>3,411,877</b>	<b>250,756</b>	<b>1,880,658</b>	<b>5,543,291</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,753,140</b>	<b>\$ 250,756</b>	<b>\$ 1,958,396</b>	<b>\$ 7,962,292</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PITTSFIELD, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 5,543,291
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	7,128,696
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	57,653
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	29,282
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	546,860
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(120,000)
Capital leases payable	(586,931)
Accrued compensated absences	(136,087)
Net pension liability	(115,007)
Net OPEB liability	(196,059)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(29,087)
Net position of governmental activities	\$ 12,122,611

See accompanying independent auditors' report and notes to financial statements.

## STATEMENT E

## TOWN OF PITTSFIELD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Economic Development Revolving Loan	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 5,822,220	\$ -	\$ -	\$ 5,822,220
Intergovernmental revenue	835,642	-	128,229	963,871
Charges for services	193,721	-	-	193,721
Investment income, net of unrealized gains/(losses)	14,536	-	(83,132)	(68,596)
Interest income	-	632	1,515	2,147
Other revenues	120,851	-	45,461	166,312
<b>TOTAL REVENUES</b>	<b>6,986,970</b>	<b>632</b>	<b>92,073</b>	<b>7,079,675</b>
<b>EXPENDITURES</b>				
Current:				
General government	626,672	-	-	626,672
Public safety	628,270	-	23,998	652,268
Public works	1,059,197	-	-	1,059,197
Public services	387,903	-	38,234	426,137
Education	3,227,581	-	-	3,227,581
County tax	590,566	-	-	590,566
Unclassified	277,875	1,000	356,168	635,043
Capital outlay	234,232	-	-	234,232
Debt service:				
Principal	128,104	-	-	128,104
Interest	17,583	-	-	17,583
<b>TOTAL EXPENDITURES</b>	<b>7,177,983</b>	<b>1,000</b>	<b>418,400</b>	<b>7,597,383</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(191,013)</b>	<b>(368)</b>	<b>(326,327)</b>	<b>(517,708)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	276,121	276,121
Transfers (out)	(272,141)	-	(8,980)	(281,121)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(272,141)</b>	<b>-</b>	<b>267,141</b>	<b>(5,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(463,154)</b>	<b>(368)</b>	<b>(59,186)</b>	<b>(522,708)</b>
<b>FUND BALANCES - JANUARY 1, RESTATED</b>	<b>3,875,031</b>	<b>251,124</b>	<b>1,939,844</b>	<b>6,065,999</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 3,411,877</b>	<b>\$ 250,756</b>	<b>\$ 1,880,658</b>	<b>\$ 5,543,291</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PITTSFIELD, 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 DECEMBER 31, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (522,708)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	287,864
Capital asset disposals	19,843
Depreciation expense	<u>(526,176)</u>
	<u>(218,469)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>62,188</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>(9,168)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>128,104</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>34,049</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(18,891)
Net pension liability	35,003
Net OPEB liability	<u>(40,658)</u>
	<u>(24,546)</u>
Change in net position of governmental activities (Statement B)	<u>\$ (550,550)</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PITTSFIELD, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2018

	Enterprise Funds		Total
	Sewer Department	Water Department	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 121,389	\$ 52,146	\$ 173,535
Investments	576,249	247,546	823,795
Accounts receivable (net of allowance for uncollectibles)	104,036	82,859	186,895
Inventory	6,089	56,996	63,085
Due from other funds	1,015,195	478,677	1,493,872
Total current assets	<u>1,822,958</u>	<u>918,224</u>	<u>2,741,182</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable assets	159,168	957,965	1,117,133
Buildings, building and land improvements	4,109,201	1,235,660	5,344,861
Vehicles and equipment	34,883	663,449	698,332
Infrastructure	4,287,305	2,924,332	7,211,637
Total capital assets	<u>8,590,557</u>	<u>5,781,406</u>	<u>14,371,963</u>
Less: accumulated depreciation	<u>(5,157,811)</u>	<u>(2,085,245)</u>	<u>(7,243,056)</u>
Total noncurrent assets	<u>3,432,746</u>	<u>3,696,161</u>	<u>7,128,907</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,255,704</u>	<u>\$ 4,614,385</u>	<u>\$ 9,870,089</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 725	\$ 57	\$ 782
Accrued interest	-	3,917	3,917
Current portion of long-term obligations	142,473	51,379	193,852
Total current liabilities	<u>143,198</u>	<u>55,353</u>	<u>198,551</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	2,009,959	1,431,147	3,441,106
Accrued compensated absences	10,467	9,732	20,199
Total noncurrent liabilities	<u>2,020,426</u>	<u>1,440,879</u>	<u>3,461,305</u>
<b>TOTAL LIABILITIES</b>	<u>2,163,624</u>	<u>1,496,232</u>	<u>3,659,856</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,280,760	2,213,981	3,494,741
Restricted	1,491,315	614,763	2,106,078
Unrestricted	320,005	289,409	609,414
<b>TOTAL NET POSITION</b>	<u>3,092,080</u>	<u>3,118,153</u>	<u>6,210,233</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 5,255,704</u>	<u>\$ 4,614,385</u>	<u>\$ 9,870,089</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PITTSFIELD, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds		
	Sewer Department	Water Department	Total
OPERATING REVENUES			
Charges for services	\$ 377,946	\$ 389,428	\$ 767,374
Other income	8,765	13,885	22,650
TOTAL OPERATING REVENUES	<u>386,711</u>	<u>403,313</u>	<u>790,024</u>
OPERATING EXPENSES			
Personnel services	76,261	101,009	177,270
Contracted services	33,819	15,947	49,766
Supplies/maintenance	11,878	46,602	58,480
Utilities	7,569	5,641	13,210
Depreciation	160,691	98,982	259,673
Other operating expenses	21,755	123,098	144,853
TOTAL OPERATING EXPENSES	<u>311,973</u>	<u>391,279</u>	<u>703,252</u>
OPERATING INCOME (LOSS)	<u>74,738</u>	<u>12,034</u>	<u>86,772</u>
NONOPERATING REVENUES (EXPENSES)			
Transfers in	-	5,000	5,000
Investment income	184	113	297
Interest (expense)	(53,997)	(37,684)	(91,681)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(53,813)</u>	<u>(32,571)</u>	<u>(86,384)</u>
NET CHANGE IN NET POSITION	20,925	(20,537)	388
NET POSITION - JANUARY 1	<u>3,071,155</u>	<u>3,138,690</u>	<u>6,209,845</u>
NET POSITION - DECEMBER 31	<u>\$ 3,092,080</u>	<u>\$ 3,118,153</u>	<u>\$ 6,210,233</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PITTSFIELD, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds		Total
	Sewer Department	Water Department	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 399,496	\$ 421,212	\$ 820,708
Internal activity - receipts (payments) from/to other funds	11,173	36,316	47,489
Other receipts (payments)	8,765	13,885	22,650
Payments to employees	(76,261)	(101,009)	(177,270)
Payments to suppliers	(78,402)	(219,603)	(298,005)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>264,771</u>	<u>150,801</u>	<u>415,572</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) decrease in investments	(139,420)	(39,450)	(178,870)
Investment income, net of unrealized gains/(losses)	184	113	297
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(139,236)</u>	<u>(39,337)</u>	<u>(178,573)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(12,910)	-	(12,910)
Principal paid on bonds	(105,370)	(106,715)	(212,085)
Transfer in	-	5,000	5,000
Interest paid on bonds	(53,997)	(37,684)	(91,681)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(172,277)</u>	<u>(139,399)</u>	<u>(311,676)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(46,742)	(27,935)	(74,677)
<b>CASH AND CASH EQUIVALENTS - JANUARY 1</b>	<u>168,131</u>	<u>80,081</u>	<u>248,212</u>
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31</b>	<u>\$ 121,389</u>	<u>\$ 52,146</u>	<u>\$ 173,535</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 74,738	\$ 12,034	\$ 86,772
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	160,691	98,982	259,673
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	22,129	35,160	57,289
(Increase) decrease in due from other funds	11,173	36,316	47,489
(Increase) decrease in inventory	(579)	(3,376)	(3,955)
Increase (decrease) in accounts payable	(5,473)	(31,019)	(36,492)
Increase (decrease) in accrued compensated absences	2,092	3,337	5,429
Increase (decrease) in accrued interest	-	(633)	(633)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 264,771</u>	<u>\$ 150,801</u>	<u>\$ 415,572</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Pittsfield was incorporated under the laws of the State of Maine. The Town operates under the council-manager form of government and provides the following services: general government, public safety, public works, public services, education and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended December 31, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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. The Town's sewer and water departments are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major funds:

- a. 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.
- b. The Economic Development Revolving Loan Fund is used to account for the proceeds of loan funds that are legally restricted to expenditures for loan purposes.

Nonmajor funds:

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

The annual budget is the financial plan for the operation of the Town of Pittsfield, Maine for the ensuing annual period. The budget process provides for a professional management approach to the establishment of priorities and implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the government.

The Town Manager submits itemized financial estimates in the form of a budget to the Town Council before the end of the Town's fiscal year. Hearings are held to obtain public comment. The budget is legally enacted by an appropriate order. In addition, separate orders are adopted for the water and sewer departments. Any revisions to the budget that alter total expenditures must be approved by the Town Council. All unexpended appropriations lapse at year end unless specific approval is granted to carry forward such amounts. No budgets are officially adopted for special revenue funds.

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Pittsfield has a formal investment policy, and also follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$285,480 in the general fund, \$1,967 in the special revenue funds, \$162 in the permanent funds, \$104,036 for the sewer fund and \$82,859 for the water fund for the year ended December 31, 2018. The allowance for uncollectible accounts is estimated to be \$0 for the general fund, the special revenue funds and the permanent funds, \$924 for the water department and \$650 for the sewer department as of December 31, 2018.

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). In the sewer and water funds, inventory consists of materials and supplies.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, compensated absences, net pension liability and net OPEB liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Compensated Absences**

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as 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. As of December 31, 2018, the Town's liability for compensated absences is \$157,349.

**Pensions**

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

**OPEB**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

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

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings and/or the Town Council are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Town Council and/or management.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and/or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenues also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 10, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due on October 18, 2018. Interest on unpaid taxes commenced on October 19, 2018, at 8% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

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 \$101,085 for the year ended December 31, 2018.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided, operating or capital grants and contributions, including special assessments).

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At December 31, 2018, the Town's deposits amounting to \$4,231,831 were comprised of bank deposits and cash equivalents of \$4,337,989. All of the bank deposits and cash equivalents were either fully covered by federal depository insurance or by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk or were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 450,756
Savings accounts	680,088
ICS accounts	2,546,199
Repurchase accounts	37,491
Certificate of deposit	209,555
Cash equivalents	413,900
	<u>\$ 4,337,989</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments; however, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. All of the Town's investments of \$3,687,381 in certificates of deposit, debt securities and equity securities are covered by the Securities Investor Protection Corporation (SIPC) or other separate agreements and therefore not exposed to custodial credit risk.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2018, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Debt securities:				
Brokered certificates of deposit	\$ 2,227,514	\$ -	\$ 293,274	\$ 1,934,240
Fixed income	885,433	-	-	885,433
Equity securities:				
Common stock	490,076	490,076	-	-
Preferred stock	7,916	7,916	-	-
Certificates of deposit	76,442	-	76,442	-
	\$ 3,687,381	\$ 497,992	\$ 76,442	\$ 2,819,673

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of December 31, 2018:

	December 31, 2018 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
U.S. agency securities	\$ 596,769	\$ -	\$ 596,769	\$ -
Fixed income	288,664	-	288,664	-
Brokered certificates of deposit	2,227,514	-	2,227,514	-
Total debt securities	3,112,947	-	3,112,947	-
Equity securities:				
Common stock - domestic	490,076	490,076	-	-
Preferred stock	7,916	7,916	-	-
Total equity securities	497,992	497,992	-	-
Total investments by fair value level	3,610,939	\$ 497,992	\$ 3,112,947	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	413,900			
Total cash equivalents measured at the NAV	413,900			
Total investments and cash equivalents measured at fair value	\$ 4,024,839			

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of December 31, 2018 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$76,442 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2018 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 4,169	\$ 1,603,942
Nonmajor special revenue funds	110,070	1,657
Nonmajor permanent funds	-	2,512
Sewer department	1,015,195	-
Water department	478,677	-
	<u>\$ 1,608,111</u>	<u>\$ 1,608,111</u>

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2018:

	Balance 1/1/18 (Restated)	Additions	Disposals	Balance 12/31/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,336,149	\$ -	\$ -	\$ 1,336,149
Construction in progress	536,172	-	(536,172)	-
	<u>1,872,321</u>	<u>-</u>	<u>(536,172)</u>	<u>1,336,149</u>
Depreciated assets:				
Land improvements	35,120	-	-	35,120
Buildings and improvements	6,111,922	-	-	6,111,922
Furniture and fixtures	13,657	-	-	13,657
Vehicles	1,137,000	573,732	-	1,710,732
Machinery and equipment	1,975,266	139,624	(25,228)	2,089,662
Infrastructure	2,995,205	110,680	-	3,105,885
	<u>12,268,170</u>	<u>824,036</u>	<u>(25,228)</u>	<u>13,066,978</u>
Less: accumulated depreciation	<u>(6,793,326)</u>	<u>(526,176)</u>	<u>45,071</u>	<u>(7,274,431)</u>
	<u>5,474,844</u>	<u>297,860</u>	<u>19,843</u>	<u>5,792,547</u>
Net capital assets	<u>7,347,165</u>	<u>297,860</u>	<u>(516,329)</u>	<u>7,128,696</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	134,808	-	-	134,808
Construction in progress	982,325	-	-	982,325
	<u>1,117,133</u>	<u>-</u>	<u>-</u>	<u>1,117,133</u>
Depreciated assets:				
Land improvements	85,333	-	-	85,333
Buildings and structures	5,259,528	-	-	5,259,528
Mains	2,901,673	-	-	2,901,673
Meters, hydrants, services	539,026	-	-	539,026
Sewer lines	4,262,554	12,910	-	4,275,464
Equipment and vehicles	215,081	-	(21,275)	193,806
	<u>13,263,195</u>	<u>12,910</u>	<u>(21,275)</u>	<u>13,254,830</u>
Less: accumulated depreciation	<u>(7,004,658)</u>	<u>(259,673)</u>	<u>21,275</u>	<u>(7,243,056)</u>
	<u>6,258,537</u>	<u>(246,763)</u>	<u>-</u>	<u>6,011,774</u>
Net capital assets	<u>7,375,670</u>	<u>(246,763)</u>	<u>-</u>	<u>7,128,907</u>
Total government	<u>\$ 14,722,835</u>	<u>\$ 51,097</u>	<u>\$ (516,329)</u>	<u>\$ 14,257,603</u>

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

General government	\$ 16,543
Public safety	66,504
Public works	102,419
Parks and recreation	9,614
Library	5,564
Industrial Park	56,291
Airport	205,996
Transfer station	43,607
Cemetery	2,860
Other	16,778
Total governmental activities depreciation	<u>526,176</u>
Sewer	160,691
Water	98,982
Total depreciation	<u><u>\$ 785,849</u></u>

NOTE 5 - LONG-TERM DEBT

The General Fund and sewer and water departments of the Town are used to pay for long-term debt. A summary of long-term debt for the year ended December 31, 2018 is as follows:

	Balance, 1/1/18 (Restated)	Additions	Deletions	Balance, 12/31/18	Current Portion
<u>Governmental activities</u>					
Bonds payable	\$ 160,000	\$ -	\$ (40,000)	\$ 120,000	\$ 40,000
Capital leases payable	675,035	-	(88,104)	586,931	84,639
Accrued compensated absences	117,196	18,891	-	136,087	6,804
Net pension liability	150,010	34,049	(69,052)	115,007	-
Net OPEB liability	155,401	43,679	(3,021)	196,059	
Total governmental activities	<u>\$ 1,257,642</u>	<u>\$ 96,619</u>	<u>\$ (200,177)</u>	<u>\$ 1,154,084</u>	<u>\$ 131,443</u>
<u>Business-type activities</u>					
Bonds payable	\$ 3,845,980	\$ -	\$ (212,085)	\$ 3,633,895	\$ 192,789
Accrued compensated absences	15,833	5,429	-	21,262	1,063
Total business-type activities	<u>\$ 3,861,813</u>	<u>\$ 5,429</u>	<u>\$ (212,085)</u>	<u>\$ 3,655,157</u>	<u>\$ 193,852</u>

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of bonds payable of the Town as of December 31, 2018:

Governmental activities

\$200,000 General Obligation bond due semi-annually on May 1 and November 1 of each year, starting May 1, 2017 and reaching maturity on August 1, 2035. The interest rate is 2.300% per annum. \$ 120,000

Total governmental activities 120,000

Business-type activities

\$842,416 2016 DWSRF Water Bond due semi-annually on May 1 and November 1 of each year, starting May 1, 2017 and reaching maturity on August 1, 2035. The interest rate is 2.300% per annum. \$ 765,516

\$149,928 2016 CWSRF Sewer Bond due semi-annually on April 1 and October 1 of each year, starting October 1, 2017 and reaching maturity on August 1, 2035. The interest rate is 2.300% per annum. 136,242

\$103,000, Water Loan due in annual principal payments of \$3,605 through 2029. Interest is stated at 0% per annum with principal forgiveness of \$30,900. 39,655

\$508,500, 2011 DWSRF Bond for Water Improvements due in annual principal payments of \$24,154 through 2031. Interest is stated at 1.00% per annum with principal forgiveness of \$25,425. 313,999

\$646,056, 2011 MMA Bond for Water Improvements due in annual principal payments of \$40,316 through 2027. Interest varies from 2.12% to 5.62% per annum. 362,844

\$1,900,000 General Obligation Sewer Bond due in annual principal payments and interest installments of \$97,622 through 2040. Interest is stated at 2.5% per annum. 1,636,542

\$445,000 Sewer General Obligation Bond due in annual principal payments ranging from \$21,935 to \$22,568 through 2035. Interest is stated at .15% per annum. 379,097

Total business-type activities 3,633,895

Total bonds payable \$ 3,753,895

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending December 31:

Governmental activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 40,000	\$ 2,798	\$ 42,798
2020	40,000	1,871	41,871
2021	40,000	933	40,933
	<u>\$ 120,000</u>	<u>\$ 5,602</u>	<u>\$ 125,602</u>

Business-type activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 192,789	\$ 73,489	\$ 266,278
2020	194,701	69,059	263,760
2021	196,651	64,589	261,240
2022	198,642	60,078	258,720
2023	200,677	55,525	256,202
2024-2028	995,109	222,885	1,217,994
2029-2033	828,845	147,783	976,628
2034-2038	638,536	69,600	708,136
2039-2043	187,945	7,074	195,019
	<u>\$ 3,633,895</u>	<u>\$ 770,082</u>	<u>\$ 4,403,977</u>

No interest costs were capitalized during the period. The amount of business-type interest costs incurred and charged to expense for the year ended December 31, 2018 was \$91,681.

A summary of the outstanding capital leases payable is as follows:

The Town leases copiers under a non-cancelable lease agreement. The lease is for five years with monthly payments of \$143. Maturity is in 2021.

The Town leases a fire truck under a non-cancelable lease agreement. The lease is for ten years with annual payments of \$62,824. Maturity is in 2026.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Future minimum payments under the capital leases are as follows:

<u>Year Ending December 31:</u>	
2019	\$ 103,737
2020	103,737
2021	102,454
2022	102,028
2023	62,824
2024-2028	<u>188,471</u>
Total minimum lease payments	663,251
Less: amount representing interest	<u>(76,320)</u>
Present value of future minimum lease payments	<u><u>\$ 586,931</u></u>

NOTE 6 - RESTRICTED FUND BALANCES

At December 31, 2018, the Town had the following restricted fund balances:

Economic development revolving loan	\$ 250,756
Nonmajor special revenue funds (Schedule E)	741,088
Nonmajor permanent funds (Schedule F)	<u>1,056,686</u>
	<u><u>\$ 2,048,530</u></u>

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 7 - COMMITTED FUND BALANCES

At December 31, 2018, the Town had the following committed fund balances:

General fund:	
Highway equipment	\$ 41,325
Police cruiser	9,935
Recycling equipment	69,407
Municipal building	30,703
Road construction/reconstruction	21,132
Fire department	59,357
Airport improvement	11,002
Sidewalk reconstruction fund	25,380
Local cable access	133
Theatre capital	27,623
Municipal parking lot	51,141
Library capital reserve	36,839
Fire station reserve	39,606
Fendler park endowment	2,500
Highway waste oil furnace	2,233
Waste transporter	36,749
Skateboard/recreation	1,548
Hooked on fishing	4,822
Plumbing permits	280
Planning board fees	75
Swimming pool donations	2,285
Neighborhood watch	284
Library trust	8,498
Theatre donations	200
Carry forwards	131,007
Maine PERS match	76,442
CD Pittsfield future	1,724,010
Nonmajor special revenue funds (Schedule E)	59,193
	<u>\$ 2,473,709</u>

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 8 - ASSIGNED FUND BALANCES

At December 31, 2018, the Town had the following assigned fund balance:

General fund:	
Use of unassigned fund balance - FY 2019	\$ 399,510
Nonmajor special revenue funds (Schedule E)	<u>23,756</u>
	<u>\$ 423,266</u>

NOTE 9 - DEFICIT FUND BALANCES

At December 31, 2018, the Town had the following funds with deficit fund balances:

Recreation basketball	<u>\$ 65</u>
-----------------------	--------------

NOTE 10 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

District employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.4%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The District's plan members are part of the PLD's plan "AC" and are required to contribute 8.0% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 9.5% of covered payroll. The contribution rates of plan members and the District are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The District's contribution to the MainePERS PLD Consolidated Plan for the year ended December 31, 2018 was \$27,393.

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

At December 31, 2018, the District reported a liability of \$115,007 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The District's proportion of the net pension liabilities were based on a projection of the District's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the District's proportion was 0.042002%, which was an increase of 0.00538% from its proportion measured as of June 30, 2016.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended December 31, 2018, the District recognized net pension revenue of \$59,884. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 360	\$ 1,263
Changes of assumptions	18,356	-
Net difference between projected and actual earnings on pension plan investments	-	27,770
Changes in proportion and differences between contributions and proportionate share of contributions	24,455	54
Contributions subsequent to the measurement date	14,482	-
Total	<u>\$ 57,653</u>	<u>\$ 29,087</u>

\$14,482 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2019	\$ 32,293
2020	7,862
2021	(18,892)
2022	(7,177)
2023	-
Thereafter	-

**Actuarial Methods and Assumptions**

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

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

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

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

*Asset Valuation Method*

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

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

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

*Investment Rate of Return* - For the PLD Plan, 6.75% per annum, compounded annually.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Mortality Rates* - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

*Cost of Living Benefit Increases* - 1.91% for participating local districts.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2018. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability(asset) as of June 30, 2018 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 6.75% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 271,057	\$ 115,007	\$ (30,856)

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2018, this was three years for the PLD Consolidated Plan; prior to 2017, this was four years for the PLD Consolidated Plan.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Changes in Net Pension Liability**

*Differences between Projected and Actual Investment Earnings*

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - DEFERRED COMPENSATION PENSION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION  
RETIREMENT CORPORATION

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA). The plan, available to all employees, permits the employee to defer a portion of salary until future years. There is no employer match by the Town. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

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

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

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

**Employees Covered by Benefit Terms**

At January 1, 2018, the following employees were covered by the benefit terms:

Active members	25
Retirees and spouses	<u>2</u>
Total	<u><u>27</u></u>

**Contributions**

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

**Retiree Premium Amounts:**

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$1,044	\$2,342
<u>Medicare</u>		
Medicare-Eligible Retirees	\$528	\$1,055

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the Town reported a liability of \$196,059 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2018, the Town recognized OPEB expense of \$40,658. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,668	\$ -
Changes of assumptions	22,614	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 29,282</u>	<u>\$ -</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT	
Plan year ended December 31:		
2019	\$	3,661
2020		3,661
2021		3,661
2022		3,661
2023		3,661
Thereafter		10,977

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of January 1, 2018. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.44% per annum for December 31, 2018 was based upon a measurement date of December 31, 2017. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	2.44%	3.44%	4.44%
Total OPEB liability	\$ 235,288	\$ 196,059	\$ 164,903
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 235,288</u>	<u>\$ 196,059</u>	<u>\$ 164,903</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 163,459	\$ 196,059	\$ 238,487
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 163,459</u>	<u>\$ 196,059</u>	<u>\$ 238,487</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2017, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Amortization*

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

*Assumptions*

The actuarial assumptions used in the January 1, 2018 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Discount Rate - 3.44% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

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

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

Medical and drug trends were blended to develop non-Medicare and Medicare trends based on experience weight as listed below.

FYE	Non-Medicare		Medicare		Non-Medicare	Medicare
	Medical	Drug	Medical	Drug	Blended	Blended
2018	8.20%	9.60%	4.93%	9.60%	8.46%	8.27%
2019	7.90%	9.20%	4.87%	9.20%	8.15%	8.00%
2020	7.60%	8.80%	4.80%	8.80%	7.83%	7.72%
2021	7.30%	8.40%	4.73%	8.40%	7.51%	7.44%
2022	7.00%	8.00%	4.67%	8.00%	7.20%	7.15%
2023	6.70%	7.60%	4.60%	7.60%	6.88%	6.85%
2024	6.40%	7.20%	4.53%	7.20%	6.56%	6.55%
2025	6.10%	6.80%	4.47%	6.80%	6.24%	6.24%
2026	5.80%	6.40%	4.40%	6.40%	5.92%	5.93%
2027	5.50%	6.00%	4.33%	6.00%	5.60%	5.61%
2028	5.20%	5.60%	4.27%	5.60%	5.28%	5.29%
2029	4.90%	5.20%	4.20%	5.20%	4.96%	4.97%
2030	4.60%	4.80%	4.13%	4.80%	4.64%	4.65%
2031	4.30%	4.40%	4.07%	4.40%	4.32%	4.33%
2032	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	Tier 1 (Those hired before 7/1/14)		Tier 2 (Those hired on or after 7/1/14)	
	No Additional Employer Payment	With Additional Employer Payment	No Additional Employer Payment	With Additional Employer Payment
55	5%	5%	5%	5.5%
56	5%	5%	5%	5.5%
57	5%	5%	5%	5.5%
58	5%	5%	5%	5.5%
59	20%	20%	5%	5.5%
60	20%	25%	5%	5.5%
61	20%	25%	5%	5.5%
62	20%	25%	5%	5.5%
63	20%	25%	5%	5.5%
64	20%	25%	20%	25%
65	25%	45%	20%	40%
66	25%	30%	20%	25%
67	25%	30%	20%	25%
68	25%	30%	20%	25%
69	25%	30%	20%	25%
70	100%	100%	100%	100%

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Rates of Turnover - Termination rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Years of Service	Revised
0	25.0%
1	20.0%
2	15.0%
3	12.0%
4	10.0%
5	9.0%
6	6.0%
7+	4.0%

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the 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 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Participation Rates -

Age	No Additional Employer Payment	With Additional Employer Payment
55	5%	80%
56	8%	80%
57	11%	80%
58	14%	80%
59	17%	80%
60	20%	80%
61	22%	90%
62	24%	90%
63	26%	90%
64	29%	90%
65	32%	90%
66	34%	90%
67	36%	90%
68	38%	90%
69	40%	90%
70	50%	90%

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected.

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Significant actuarial assumptions employed by the actuary for Claim and Expense Assumptions as of January 1, 2018 are as follows

Monthly Per Capita Claims and Expense Cost - For all medical and prescription drug benefits for the year 2018 is expressed per adult covered beneficiary.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	POS A				POS 200			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$311	\$565	\$99	\$122	\$296	\$538	\$95	\$118
45	\$411	\$585	\$128	\$146	\$391	\$557	\$123	\$141
50	\$539	\$674	\$163	\$173	\$513	\$641	\$157	\$166
55	\$694	\$824	\$203	\$202	\$660	\$784	\$195	\$195
60	\$878	\$971	\$248	\$234	\$835	\$923	\$239	\$226
64	\$1,045	\$986	\$288	\$262	\$993	\$938	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	POS C				PPO 500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$306	\$556	\$99	\$122	\$289	\$524	\$95	\$118
45	\$404	\$575	\$128	\$146	\$381	\$542	\$123	\$141
50	\$530	\$662	\$163	\$173	\$499	\$624	\$157	\$166
55	\$683	\$811	\$203	\$202	\$643	\$764	\$195	\$195
60	\$863	\$955	\$248	\$234	\$813	\$899	\$239	\$226
64	\$1,027	\$969	\$288	\$262	\$968	\$913	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	PPO 1000				PPO 1500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$281	\$510	\$95	\$118	\$273	\$495	\$95	\$118
45	\$371	\$528	\$123	\$141	\$360	\$512	\$123	\$141
50	\$486	\$608	\$157	\$166	\$472	\$589	\$157	\$166
55	\$627	\$744	\$195	\$195	\$608	\$722	\$195	\$195
60	\$792	\$876	\$239	\$226	\$768	\$850	\$239	\$226
64	\$943	\$890	\$278	\$253	\$914	\$863	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	PPO 2500			
	Medical		Rx	
	Male	Female	Male	Female
40	\$261	\$474	\$95	\$118
45	\$345	\$491	\$123	\$141
50	\$452	\$565	\$157	\$166
55	\$583	\$692	\$195	\$195
60	\$737	\$815	\$239	\$226
64	\$877	\$828	\$278	\$253
65	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432

Claims reflect all medical and prescription plans offered based on completed incurred experience through June 30, 2017 and projected to 2018 and associate enrollment in the various programs options offered.

Annual administrative and claims adjudication expenses are assumed to be \$430 per period for the year 2018.

Claims below age 65 have been loaded 4.3% for medical and 2.8% for drugs for the cost of children enrolled as dependent of eligible retirees. This figure is based on the expected cost for children of the current retirees. This assumption implicitly assumes that future retirees will have the same child distribution as current retirees.

No covered persons under 65 are assumed to be on Medicare and participants age 65 or older are assumed to be enrolled in Medicare.

Affordable Care Act (ACA) and Healthcare Marketplace - A 2.5% load has been built in to reflect the potential impact of changes from the ACA and its impact on the marketplace and program costs. Some key items are PCORI fees, the extra government subsidies for Medicare Part D that can be enrolled in through an Employer Group Waiver Program, minimum loss ratio requirements that impacted some fully insured programs, federal premium taxes, taxes and requirements on providers in the healthcare system, dynamics of the marketplace with Exchanges, Accountable Care Organizations, etc, and the potential impact of the Excise Tax associated with high-costs employer sponsored health plans.

Medical Plan Election - employees will continue in their current medical plan for their entire career.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Second-to-Die Spousal Life Insurance - not explicitly valued and was estimated to impact roughly 0.2% of the Plan's total liability.

Dependent Children - no liability assumed for dependent children's benefits.

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2018 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2018 was \$6,668.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 112 Somerset Avenue, Pittsfield, ME 04967.

NOTE 13 - RISK MANAGEMENT

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

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

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of December 31, 2018. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 14 - JOINT VENTURE

The Town has entered into a joint venture with a number of other Towns. This joint venture is considered to be a separate reporting entity and has not been included within the financial statements of the Town of Pittsfield. A brief description of the joint venture, FirstPark, follows:

FirstPark

Kennebec Regional Development Authority (FirstPark) was formed in 1998 through an act of the Maine State Legislature. Its primary purposes, according to the act, were to strengthen the financial condition of local governments within the geographic territory of the Authority, while combining resources and sharing costs for meeting regional and economic development needs and challenges; to promote and develop infrastructure and programs for employment and economic development opportunities; and other conditions to positively affect regional development. The intent

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 14 - JOINT VENTURE (CONTINUED)

was that the members would fund the startup costs and then jointly benefit from the tax revenues generated later on. There are currently 24 local governments who are members of the Authority, including the Town of Pittsfield.

This statute states that the Town may be responsible for liabilities it incurs during its membership that may not have been paid for. It may withdraw its membership at any time with one year's warning to the corporation and the sale of its stake. An amount for any contingent liabilities at this time cannot be determined.

The Authority derives the bulk of its revenue from the participants, but also receives some grant revenues from the State of Maine and tenant's rental income. In fiscal year 2018, the Town of Pittsfield contributed \$22,490. Complete financial statements may be obtained from Kennebec Regional Development Authority/First Park at P.O. Box 246, Oakland, Maine 04963.

NOTE 15 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of December 31, 2018, the Regional School Unit No. 53 had no outstanding debt. The Town's share of county debt was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Somerset	\$ 12,975,000	4.68%	<u>\$ 607,230</u>

NOTE 16 - COMMITMENTS/CONTINGENCIES

The Town participates in a risk pool for its insurances. The Town may be liable for any unfunded liability resulting from participation in this risk pool. Any amount of unfunded liability is not determined at this time.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirements may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 17 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS

**Tax Increment Financing Districts**

The Town has established tax increment financing districts in accordance with Maine statutes to finance economic development programs located in the Town of Pittsfield, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program, and to finance future expansion.

Pittsfield Solar, LLC Municipal Development and Tax Increment Financing Development Program

On October 17, 2017, the Pittsfield Town Council, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy. The area of the District is approximately 113.67 acres which encompasses the Pittsfield Solar, LLC's (the "Company") property. The purpose of this District is to assist the Company in financing the development of a 9.9 Megawatt, (AC), solar array to generate power that will be sold under a long-term power purchase agreement to Central Maine Power Company under the Maine Community-Based Renewable energy Program. This Development Program will generate employment opportunities, a broadened and improved tax base and it will maximize the value of renewables to local communities. The original assessed value of the property is \$321,200. The Town anticipates over the life of the District that new development, rehabilitation, and redevelopment will result in approximately \$2,771,960 in cumulative assessed value. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value for 20 years. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 20 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The TIF District will remain in place for a period of 20 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 20 years or the remainder of the term of the District designation, whichever is less. The Council shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 17 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS  
(CONTINUED)

fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be completed within five years of the approval of the District.

**Abatements**

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently only has one tax abatement agreement, the Pittsfield Solar, LLC. Municipal Development and Tax Increment Financing District.

For the fiscal year ended December 31, 2018, the Town abated property taxes for the following programs:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Pittsfield Solar, LLC Municipal Development and Tax Increment Financing District	\$ 83,003

NOTE 18 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 19 - RESTATEMENTS

In 2018, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted. Therefore, a restatement to the 2017 government-wide and fund financial statements was required. The beginning net position and general fund unassigned fund balance were restated by \$52,920 to correct errors in cash. The special revenues funds were restated by a decrease of \$4,559 and the permanent funds beginning balances were restated by an increase of \$89. The beginning net position was restated by \$551,574 to correct the vehicles category of fixed assets. The resulting restatements decreased net position from \$13,334,284 to \$12,833,032 and increased the general fund unassigned fund balance from \$3,822,111 to \$3,875,031.

TOWN OF PITTSFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 19 - RESTATEMENTS (CONTINUED)

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$155,401. The resulting restatement decreased net position from \$12,833,032 to \$12,677,631.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

## TOWN OF PITTSFIELD, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1, Restated	\$ 3,875,031	\$ 3,875,031	\$ 3,875,031	\$ -
Resources (Inflows):				
General tax revenues	5,752,242	5,752,242	5,822,220	69,978
Intergovernmental revenues	806,114	806,114	835,642	29,528
Charges for services	182,760	182,760	193,721	10,961
Investment income, net of unrealized gains/(losses)	4,872	16,894	14,536	(2,358)
Other revenues	268,299	269,419	120,851	(148,568)
Amounts Available for Appropriation	<u>10,889,318</u>	<u>10,902,460</u>	<u>10,862,001</u>	<u>(40,459)</u>
Charges to Appropriations (Outflows):				
General government	663,647	663,647	626,672	36,975
Public safety	649,089	649,089	628,270	20,819
Public works	1,099,784	1,099,784	1,059,197	40,587
Public services	403,602	403,602	387,903	15,699
Education	3,227,581	3,227,581	3,227,581	-
County tax	590,566	590,566	590,566	-
Unclassified	525,215	266,594	277,875	(11,281)
Capital outlay	105,000	2,766,455	234,232	2,532,223
Debt service:				
Principal	128,104	128,104	128,104	-
Interest	21,209	21,209	17,583	3,626
Transfers to other funds	-	272,141	272,141	-
Total Charges to Appropriations	<u>7,413,797</u>	<u>10,088,772</u>	<u>7,450,124</u>	<u>2,638,648</u>
Budgetary Fund Balance, December 31	<u>\$ 3,475,521</u>	<u>\$ 813,688</u>	<u>\$ 3,411,877</u>	<u>\$ 2,598,189</u>
Utilization of unassigned fund balance	\$ 399,510	\$ 399,510	\$ -	\$ (399,510)
Utilization of assigned fund balance	-	2,661,833	-	(2,661,833)
	<u>\$ 399,510</u>	<u>\$ 3,061,343</u>	<u>\$ -</u>	<u>\$ (3,061,343)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF PITTSFIELD, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Proportion of the net pension liability	0.04%	0.04%	0.03%	0.03%
Proportionate share of the net pension liability	\$ 115,007	\$ 150,010	\$ 172,629	\$ 86,458
Covered-employee payroll	\$ 322,309	\$ 272,249	\$ 272,137	\$ 268,573
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	35.68%	55.10%	63.43%	32.19%
Plan fiduciary net position as a percentage of the total pension liability	86.40%	81.61%	88.30%	94.10%

\* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF PITTSFIELD, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 27,393	\$ 20,428	\$ 17,000	\$ 13,203
Contributions in relation to the contractually required contribution	<u>(27,393)</u>	<u>(20,428)</u>	<u>(17,000)</u>	<u>(13,203)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 374,777	\$ 291,829	\$ 283,349	\$ 272,697
Contributions as a percentage of covered-employee payroll	7.31%	7.00%	6.00%	4.84%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PITTSFIELD, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/17 (Reporting December 31, 2017)	\$ 155,401	\$ -	\$ 155,401
Changes for the year:			
Service cost	4,739	-	4,739
Interest	5,997	-	5,997
Changes of benefits	-	-	-
Differences between expected and actual experience	7,502	-	7,502
Changes of assumptions	25,441	-	25,441
Contributions - employer	-	3,021	(3,021)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(3,021)	-	(3,021)
Administrative expense	-	-	-
Net changes	40,658	-	40,658
Balances at 1/1/18 (Reporting December 31, 2018)	<u>\$ 196,059</u>	<u>\$ -</u>	<u>\$ 196,059</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PITTSFIELD, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS\*

	<u>2018</u>
<u>Total OPEB liability</u>	
Service cost (BOY)	4,739
Interest (includes interest on service cost)	5,997
Changes of benefit terms	-
Differences between expected and actual experience	7,502
Changes of assumptions	25,441
Benefit payments, including refunds of member contributions	<u>(3,021)</u>
Net change in total OPEB liability	\$ 40,658
Total OPEB liability - beginning	\$ 155,401
Total OPEB liability - ending	\$ 196,059
<u>Plan fiduciary net position</u>	
Contributions - employer	3,021
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(3,021)
Administrative expense	-
Net change in fiduciary net position	<u>-</u>
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	<u><u>\$ -</u></u>
Net OPEB liability - ending	<u><u>\$ 196,059</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered employee payroll	\$ 895,253
Net OPEB liability as a percentage of covered payroll	21.9%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF PITTSFIELD, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	<u>2018</u>
<u>MMEHT:</u>	
Employer contributions	\$ -
Benefit payments	-
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 895,253
Contributions as a percentage of covered- employee payroll	0.00%

\* The amounts presented for each fiscal year are for those years for which information is available.

TOWN OF PITTSFIELD, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018

**Changes of Assumptions**

For the fiscal year ended June 30, 2018, the discount rate was reduced from 6.875% to 6.75% and the cost of living benefit increases decreased from 2.20% to 1.91%.

The funding method for the MMEHT OPEB Plan was changed from Projected Unit Credit funding to Entry Age Normal funding method.

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

## TOWN OF PITTSFIELD, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 5,071,989	\$ 5,071,989	\$ 5,028,698	\$ (43,291)
Vehicle excise taxes	640,072	640,072	747,043	106,971
Interest/costs on taxes	38,455	38,455	44,753	6,298
Airport excise taxes	1,726	1,726	1,726	-
Intergovernmental revenues:				
State revenue sharing	229,796	229,796	264,936	35,140
Local roads	62,916	62,916	62,364	(552)
Homestead exemption	225,372	225,372	207,135	(18,237)
BETE	265,622	265,622	265,746	124
Snowmobile registrations	1,093	1,093	1,377	284
Tree growth/veterans	13,775	13,775	13,701	(74)
General assistance	7,540	7,540	2,619	(4,921)
FEMA	-	-	17,764	17,764
Charges for services:				
Theater	54,257	54,257	54,915	658
Recycling	42,418	42,418	57,586	15,168
Transfer station	23,356	23,356	34,118	10,762
Code enforcement	9,615	9,615	4,227	(5,388)
Fire department	10,315	10,315	15	(10,300)
Recreation	11,482	11,482	13,409	1,927
Town clerk	10,440	10,440	8,834	(1,606)
Police department	667	667	1,727	1,060
Motor vehicle reg fees	14,456	14,456	13,948	(508)
Airport	5,642	5,642	4,442	(1,200)
Animal control	112	112	500	388
Investment income, net of unrealized gains/(losses)	4,872	16,894	14,536	(2,358)
Other revenues:				
Library	3,484	3,484	3,129	(355)
Cable franchise fees	23,148	23,148	24,364	1,216
Insurance refunds	4,000	4,000	2,785	(1,215)
Cemetery	38,225	38,225	13,555	(24,670)
Pilot program	11,193	11,193	11,355	162
Reallocations	37,016	37,016	37,016	-
Town CD	104,500	104,500	-	(104,500)
Retirement match	19,256	19,256	-	(19,256)
First Park	23,450	23,450	22,490	(960)
Sale of Town property	3,500	3,500	3,938	438
Other	527	1,647	2,219	572
Total revenues	<u>\$ 7,014,287</u>	<u>\$ 7,027,429</u>	<u>\$ 6,986,970</u>	<u>\$ (40,459)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF PITTSFIELD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government					
Finance	\$ 171,018	\$ -	\$ 171,018	\$ 163,036	\$ 7,982
Administration	99,879	-	99,879	99,851	28
Town clerk	59,361	-	59,361	58,151	1,210
Insurance	54,589	-	54,589	54,390	199
Municipal buildings	41,822	-	41,822	40,428	1,394
Assessing	29,395	-	29,395	29,115	280
Codes/building	41,997	-	41,997	39,990	2,007
Community development	141,787	-	141,787	118,560	23,227
Legal	14,000	-	14,000	13,865	135
Town council	7,141	-	7,141	6,955	186
Elections	2,658	-	2,658	2,331	327
	<u>663,647</u>	<u>-</u>	<u>663,647</u>	<u>626,672</u>	<u>36,975</u>
Public Safety					
Police department	478,786	-	478,786	471,195	7,591
Fire department	81,074	-	81,074	70,890	10,184
Street lighting	60,884	-	60,884	60,646	238
Communications center	15,957	-	15,957	13,678	2,279
Animal control	12,388	-	12,388	11,861	527
	<u>649,089</u>	<u>-</u>	<u>649,089</u>	<u>628,270</u>	<u>20,819</u>
Public Works					
Transfer station	424,954	-	424,954	400,239	24,715
Highway	492,067	-	492,067	485,027	7,040
Recycling	99,174	-	99,174	93,913	5,261
Airport	22,314	-	22,314	20,763	1,551
Cemeteries	45,228	-	45,228	44,816	412
Buildings and grounds	16,047	-	16,047	14,439	1,608
	<u>1,099,784</u>	<u>-</u>	<u>1,099,784</u>	<u>1,059,197</u>	<u>40,587</u>

TOWN OF PITTSFIELD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public Services					
Library	183,965	-	183,965	180,986	2,979
Theater	130,951	-	130,951	130,644	307
Recreation	63,163	-	63,163	62,437	726
Social/community services	10,393	-	10,393	10,200	193
General assistance	15,130	-	15,130	3,636	11,494
	<u>403,602</u>	<u>-</u>	<u>403,602</u>	<u>387,903</u>	<u>15,699</u>
Assessments					
Education	3,227,581	-	3,227,581	3,227,581	-
County tax	590,566	-	590,566	590,566	-
	<u>3,818,147</u>	<u>-</u>	<u>3,818,147</u>	<u>3,818,147</u>	<u>-</u>
Unclassified					
Overlay	101,085	-	101,085	9,354	91,731
KVCOG	5,408	-	5,408	5,438	(30)
Public fire protection	115,000	-	115,000	115,000	-
Contingency	6,000	-	6,000	-	6,000
Theatre donations	-	200	200	-	200
Education incentive	2,000	-	2,000	2,151	(151)
Town report	825	-	825	434	391
Employee retirement	19,256	-	19,256	26,830	(7,574)
Coalition	500	-	500	500	-
Hooked on fishing	-	4,822	4,822	-	4,822
Loan expenditures	-	-	-	118,168	(118,168)
TIF	272,141	(272,141)	-	-	-
Maine choice admin fees	3,000	-	3,000	-	3,000
Library trust	-	8,498	8,498	-	8,498
	<u>525,215</u>	<u>(258,621)</u>	<u>266,594</u>	<u>277,875</u>	<u>(11,281)</u>
Debt Service					
Principal	128,104	-	128,104	128,104	-
Interest	21,209	-	21,209	17,583	3,626
	<u>149,313</u>	<u>-</u>	<u>149,313</u>	<u>145,687</u>	<u>3,626</u>

TOWN OF PITTSFIELD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Capital Outlay					
Highway general equipment	35,000	185,151	220,151	178,826	41,325
Police cruiser	37,000	8,693	45,693	35,758	9,935
Recycling equipment	8,000	67,035	75,035	5,628	69,407
Municipal buidling capital	5,000	26,638	31,638	935	30,703
Road construction	-	26,792	26,792	5,660	21,132
Fire department equipment	-	59,357	59,357	-	59,357
Airport improvements	-	11,001	11,001	-	11,001
Sidewalk reconstruction	-	25,380	25,380	-	25,380
Cable access	-	133	133	-	133
Theatre capital	10,000	21,399	31,399	3,776	27,623
Skateboard	-	1,548	1,548	-	1,548
MePers match	-	103,272	103,272	-	103,272
Pittsfield future	-	1,828,510	1,828,510	-	1,828,510
Municipal parking lot	-	51,041	51,041	-	51,041
Library capital	5,000	31,838	36,838	-	36,838
Fire station reserve	5,000	34,606	39,606	-	39,606
Fendler park endowment	-	2,500	2,500	-	2,500
Plumbing permits	-	1,043	1,043	763	280
Cemeteries mower	-	2,233	2,233	-	2,233
Planning board fees	-	356	356	281	75
Pool donations	-	2,285	2,285	-	2,285
Waste transporter	-	36,748	36,748	-	36,748
Neighborhood watch program	-	284	284	-	284
Carry forwards	-	133,612	133,612	2,605	131,007
	<u>105,000</u>	<u>2,661,455</u>	<u>2,766,455</u>	<u>234,232</u>	<u>2,532,223</u>
Transfers to Other Funds					
Special revenue funds	-	272,141	272,141	272,141	-
	-	<u>272,141</u>	<u>272,141</u>	<u>272,141</u>	-
Total Departmental Operations	<u>\$ 7,413,797</u>	<u>\$ 2,674,975</u>	<u>\$ 10,088,772</u>	<u>\$ 7,450,124</u>	<u>\$ 2,638,648</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PITTSFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 787,161	\$ 122,721	\$ 909,882
Investments	-	936,315	936,315
Accounts receivable (net of allowance for uncollectibles)	1,967	162	2,129
Due from other funds	110,070	-	110,070
<b>TOTAL ASSETS</b>	<u>\$ 899,198</u>	<u>\$ 1,059,198</u>	<u>\$ 1,958,396</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 73,569	\$ -	\$ 73,569
Due to other funds	1,657	2,512	4,169
<b>TOTAL LIABILITIES</b>	<u>75,226</u>	<u>2,512</u>	<u>77,738</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	741,088	1,056,686	1,797,774
Committed	59,193	-	59,193
Assigned	23,756	-	23,756
Unassigned	(65)	-	(65)
<b>TOTAL FUND BALANCES</b>	<u>823,972</u>	<u>1,056,686</u>	<u>1,880,658</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 899,198</u>	<u>\$ 1,059,198</u>	<u>\$ 1,958,396</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PITTSFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 128,229	\$ -	\$ 128,229
Investment income, net of unrealized gains/(losses)	-	(83,132)	(83,132)
Interest income	1,515	-	1,515
Other revenue	41,347	4,114	45,461
TOTAL REVENUES	<u>171,091</u>	<u>(79,018)</u>	<u>92,073</u>
EXPENDITURES			
Public safety	23,998	-	23,998
Public services	38,234	-	38,234
Unclassified	352,694	3,474	356,168
TOTAL EXPENDITURES	<u>414,926</u>	<u>3,474</u>	<u>418,400</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(243,835)</u>	<u>(82,492)</u>	<u>(326,327)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	272,141	3,980	276,121
Transfers (out)	(5,000)	(3,980)	(8,980)
TOTAL OTHER FINANCING SOURCES (USES)	<u>267,141</u>	<u>-</u>	<u>267,141</u>
NET CHANGE IN FUND BALANCES	23,306	(82,492)	(59,186)
FUND BALANCES - JANUARY 1, RESTATED	<u>800,666</u>	<u>1,139,178</u>	<u>1,939,844</u>
FUND BALANCES - DECEMBER 31	<u>\$ 823,972</u>	<u>\$ 1,056,686</u>	<u>\$ 1,880,658</u>

See accompanying independent auditors' report and notes to financial statements.

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF PITTSFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	Housing Rehab Revolving Loan Fund	Pittsfield Solar Dev-Bangor TIF	Walks Healthy SV	Pittsfield Economic Expansion Fund	Town Development New LLC TIF	DOC Snowmobile
<b>ASSETS</b>						
Cash and cash equivalents	\$ 88,348	\$ 83,302	\$ -	\$ 525,779	\$ 37,532	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	-	-	8	500	-	-
<b>TOTAL ASSETS</b>	<u>\$ 88,348</u>	<u>\$ 83,302</u>	<u>\$ 8</u>	<u>\$ 526,279</u>	<u>\$ 37,532</u>	<u>\$ -</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 73,569	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,569</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	88,348	83,302	-	452,710	37,532	-
Committed	-	-	8	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>88,348</u>	<u>83,302</u>	<u>8</u>	<u>452,710</u>	<u>37,532</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 88,348</u>	<u>\$ 83,302</u>	<u>\$ 8</u>	<u>\$ 526,279</u>	<u>\$ 37,532</u>	<u>\$ -</u>

TOWN OF PITTSFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	<u>Recreation Concessions</u>	<u>Walks Grassroots NE</u>	<u>Police Donations</u>	<u>Restitution MMA</u>	<u>Adult Softball</u>	<u>Stein Grant</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	11,411	1,000	605	125	300	60
<b>TOTAL ASSETS</b>	<u>\$ 11,411</u>	<u>\$ 1,000</u>	<u>\$ 605</u>	<u>\$ 125</u>	<u>\$ 300</u>	<u>\$ 60</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	60
Committed	11,411	1,000	605	125	300	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>11,411</u>	<u>1,000</u>	<u>605</u>	<u>125</u>	<u>300</u>	<u>60</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 11,411</u>	<u>\$ 1,000</u>	<u>\$ 605</u>	<u>\$ 125</u>	<u>\$ 300</u>	<u>\$ 60</u>

TOWN OF PITTSFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	Library Science Grant	L & W Conv. Mill	EDA Grant	Bicentennial 2019	Recreation Field Hockey
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	574	1,350	1	5,188	1,756
<b>TOTAL ASSETS</b>	<u>\$ 574</u>	<u>\$ 1,350</u>	<u>\$ 1</u>	<u>\$ 5,188</u>	<u>\$ 1,756</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	574	1,350	1	5,188	-
Committed	-	-	-	-	1,756
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>574</u>	<u>1,350</u>	<u>1</u>	<u>5,188</u>	<u>1,756</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 574</u>	<u>\$ 1,350</u>	<u>\$ 1</u>	<u>\$ 5,188</u>	<u>\$ 1,756</u>

TOWN OF PITTSFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	<u>Bikemaine 2017 Event</u>	<u>Insurance Other Cemetery Stones</u>	<u>Cheerleading</u>	<u>Damaged Books at Library</u>	<u>Insurance Claim PW Guardrail</u>	<u>Healthy Community Resources</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	692	756	2,513	10	1,526	3,348
<b>TOTAL ASSETS</b>	<u>\$ 692</u>	<u>\$ 756</u>	<u>\$ 2,513</u>	<u>\$ 10</u>	<u>\$ 1,526</u>	<u>\$ 3,348</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	692	-	-	-	-	-
Committed	-	-	2,513	-	-	-
Assigned	-	756	-	10	1,526	3,348
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>692</u>	<u>756</u>	<u>2,513</u>	<u>10</u>	<u>1,526</u>	<u>3,348</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 692</u>	<u>\$ 756</u>	<u>\$ 2,513</u>	<u>\$ 10</u>	<u>\$ 1,526</u>	<u>\$ 3,348</u>

TOWN OF PITTSFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	Swim Program	SVHC Underage Drinking	Recreation Football	Track/Field	Recreation Soccer	Recreation Basketball
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	830	4,355	358	423	5,015	-
<b>TOTAL ASSETS</b>	<u>\$ 830</u>	<u>\$ 4,355</u>	<u>\$ 358</u>	<u>\$ 423</u>	<u>\$ 5,015</u>	<u>\$ -</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	65
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	830	4,355	-	-	-	-
Committed	-	-	358	423	5,015	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(65)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>830</u>	<u>4,355</u>	<u>358</u>	<u>423</u>	<u>5,015</u>	<u>(65)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 830</u>	<u>\$ 4,355</u>	<u>\$ 358</u>	<u>\$ 423</u>	<u>\$ 5,015</u>	<u>\$ -</u>

TOWN OF PITTSFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	Historical Depot	MDOT ADA Sidewalk Reimbursement	Summer Programs Recreation	Scholarship Programs Recreation	AARA EECB	Reuse Donations
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	12,395	3,146	500	1,152	2,051	2,639
<b>TOTAL ASSETS</b>	<b>\$ 12,395</b>	<b>\$ 3,146</b>	<b>\$ 500</b>	<b>\$ 1,152</b>	<b>\$ 2,051</b>	<b>\$ 2,639</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	2,051	-
Committed	12,395	-	-	-	-	-
Assigned	-	3,146	500	1,152	-	2,639
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>12,395</b>	<b>3,146</b>	<b>500</b>	<b>1,152</b>	<b>2,051</b>	<b>2,639</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 12,395</b>	<b>\$ 3,146</b>	<b>\$ 500</b>	<b>\$ 1,152</b>	<b>\$ 2,051</b>	<b>\$ 2,639</b>

TOWN OF PITTSFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	Insurance Claim Bldgs/Grounds	Insurance Claim Fire Equip.	Insurance Claim Fire Ant.	Police Laptop	ATV Grant	MSAD #53 Resource Program
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	1,592	375	-
Due from other funds	10,679	600	7,900	-	-	3,020
<b>TOTAL ASSETS</b>	<u>\$ 10,679</u>	<u>\$ 600</u>	<u>\$ 7,900</u>	<u>\$ 1,592</u>	<u>\$ 375</u>	<u>\$ 3,020</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	1,592	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,592</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	600	7,900	-	375	3,020
Committed	-	-	-	-	-	-
Assigned	10,679	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>10,679</u>	<u>600</u>	<u>7,900</u>	<u>-</u>	<u>375</u>	<u>3,020</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 10,679</u>	<u>\$ 600</u>	<u>\$ 7,900</u>	<u>\$ 1,592</u>	<u>\$ 375</u>	<u>\$ 3,020</u>

TOWN OF PITTSFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	Recreation Spring Ball	Theatre Fundraising	Neighbors Program	Theatrical Productions	Economic Dev. Fund	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 52,200	\$ 787,161
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	1,967
Due from other funds	1,883	13,658	5,060	2,683	-	110,070
<b>TOTAL ASSETS</b>	<u>\$ 1,883</u>	<u>\$ 13,658</u>	<u>\$ 5,060</u>	<u>\$ 2,683</u>	<u>\$ 52,200</u>	<u>\$ 899,198</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,569
Due to other funds	-	-	-	-	-	1,657
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,226</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	52,200	741,088
Committed	1,883	13,658	5,060	2,683	-	59,193
Assigned	-	-	-	-	-	23,756
Unassigned	-	-	-	-	-	(65)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>1,883</u>	<u>13,658</u>	<u>5,060</u>	<u>2,683</u>	<u>52,200</u>	<u>823,972</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 1,883</u>	<u>\$ 13,658</u>	<u>\$ 5,060</u>	<u>\$ 2,683</u>	<u>\$ 52,200</u>	<u>\$ 899,198</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF PITTSFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Housing Rehab Revolving Loan Fund	Pittsfield Solar Dev-Bangor TIF	Walks Healthy SV	Pittsfield Economic Expansion Fund	Town Development New LLC TIF	DOC Snowmobile
REVENUES						
Intergovernmental revenue	\$ -	\$ 83,302	\$ -	\$ -	\$ -	\$ 9,169
Interest income	264	-	-	792	373	-
Other revenue	-	-	-	-	-	-
TOTAL REVENUES	<u>264</u>	<u>83,302</u>	<u>-</u>	<u>792</u>	<u>373</u>	<u>9,169</u>
EXPENDITURES						
Public safety	-	-	-	-	-	-
Public services	-	-	-	-	-	9,169
Unclassified	-	272,141	-	73,069	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>272,141</u>	<u>-</u>	<u>73,069</u>	<u>-</u>	<u>9,169</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>264</u>	<u>(188,839)</u>	<u>-</u>	<u>(72,277)</u>	<u>373</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	272,141	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>272,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	264	83,302	-	(72,277)	373	-
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	<u>88,084</u>	<u>-</u>	<u>8</u>	<u>524,987</u>	<u>37,159</u>	<u>-</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 88,348</u>	<u>\$ 83,302</u>	<u>\$ 8</u>	<u>\$ 452,710</u>	<u>\$ 37,532</u>	<u>\$ -</u>

TOWN OF PITTSFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Recreation Concessions	Walks Grassroots NE	Police Donations	Restitution MMA	Adult Softball	Stein Grant
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-
Other revenue	6,915	-	100	155	-	-
TOTAL REVENUES	<u>6,915</u>	<u>-</u>	<u>100</u>	<u>155</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Public safety	-	-	95	-	-	-
Public services	6,364	-	-	-	-	-
Unclassified	-	-	-	100	-	-
TOTAL EXPENDITURES	<u>6,364</u>	<u>-</u>	<u>95</u>	<u>100</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>551</u>	<u>-</u>	<u>5</u>	<u>55</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	551	-	5	55	-	-
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	<u>10,860</u>	<u>1,000</u>	<u>600</u>	<u>70</u>	<u>300</u>	<u>60</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 11,411</u>	<u>\$ 1,000</u>	<u>\$ 605</u>	<u>\$ 125</u>	<u>\$ 300</u>	<u>\$ 60</u>

TOWN OF PITTSFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Library Science Grant	L & W Conv. Mill	EDA Grant	Bicentennial 2019	Recreation Field Hockey
<b>REVENUES</b>					
Intergovernmental revenue	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-
Other revenue	-	-	-	7,072	520
<b>TOTAL REVENUES</b>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>7,072</u>	<u>520</u>
<b>EXPENDITURES</b>					
Public safety	-	-	-	-	-
Public services	10,733	-	-	-	210
Unclassified	-	-	-	6,071	-
<b>TOTAL EXPENDITURES</b>	<u>10,733</u>	<u>-</u>	<u>-</u>	<u>6,071</u>	<u>210</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(733)</u>	<u>-</u>	<u>-</u>	<u>1,001</u>	<u>310</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	(733)	-	-	1,001	310
<b>FUND BALANCES (DEFICITS), JANUARY 1, RESTATED</b>	<u>1,307</u>	<u>1,350</u>	<u>1</u>	<u>4,187</u>	<u>1,446</u>
<b>FUND BALANCES (DEFICITS), DECEMBER 31</b>	<u>\$ 574</u>	<u>\$ 1,350</u>	<u>\$ 1</u>	<u>\$ 5,188</u>	<u>\$ 1,756</u>

TOWN OF PITTSFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Bikemaine 2017 Event	Insurance Other Cemetery Stones	Cheerleading	Damaged Books at Library	Insurance Claim PW Guardrail	Healthy Community Resources
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-
Other revenue	-	-	730	126	-	-
TOTAL REVENUES	-	-	730	126	-	-
EXPENDITURES						
Public safety	-	-	-	-	-	-
Public services	-	-	276	189	-	-
Public works	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	276	189	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	454	(63)	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	454	(63)	-	-
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	692	756	2,059	73	1,526	3,348
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 692	\$ 756	\$ 2,513	\$ 10	\$ 1,526	\$ 3,348

TOWN OF PITTSFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Swim Program	SVHC Underage Drinking	Recreation Football	Track/Field	Recreation Soccer	Recreation Basketball
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-
Other revenue	-	-	1,200	-	1,815	2,420
TOTAL REVENUES	-	-	1,200	-	1,815	2,420
EXPENDITURES						
Public safety	-	-	-	-	-	-
Public services	-	-	1,078	-	1,068	2,485
Unclassified	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	1,078	-	1,068	2,485
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	122	-	747	(65)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	122	-	747	(65)
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	830	4,355	236	423	4,268	-
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 830	\$ 4,355	\$ 358	\$ 423	\$ 5,015	\$ (65)

TOWN OF PITTSFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Historical Depot	MDOT ADA Sidewalk Reimbursement	Summer Programs Recreation	Scholarship Programs Recreation	AARA EECB	Reuse Donations
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-
Other revenue	33	-	-	652	-	433
TOTAL REVENUES	<u>33</u>	<u>-</u>	<u>-</u>	<u>652</u>	<u>-</u>	<u>433</u>
EXPENDITURES						
Public safety	-	-	-	-	-	-
Public services	-	-	-	-	-	27
Unclassified	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>33</u>	<u>-</u>	<u>-</u>	<u>652</u>	<u>-</u>	<u>406</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	33	-	-	652	-	406
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	<u>12,362</u>	<u>3,146</u>	<u>500</u>	<u>500</u>	<u>2,051</u>	<u>2,233</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 12,395</u>	<u>\$ 3,146</u>	<u>\$ 500</u>	<u>\$ 1,152</u>	<u>\$ 2,051</u>	<u>\$ 2,639</u>

TOWN OF PITTSFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Insurance Claim Bldgs/Grounds	Insurance Claim Fire Equip.	Insurance Claim Fire Ant.	Police Laptop	ATV Grant	MSAD #53 Resource Program
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 375	\$ 25,383
Interest income	-	-	-	-	-	-
Other revenue	5,289	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>5,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375</b>	<b>25,383</b>
EXPENDITURES						
Public safety	1,540	-	-	-	-	22,363
Public services	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,363</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<b>3,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375</b>	<b>3,020</b>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES (DEFICITS)	3,749	-	-	-	375	3,020
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	6,930	600	7,900	-	-	-
<b>FUND BALANCES (DEFICITS), DECEMBER 31</b>	<b>\$ 10,679</b>	<b>\$ 600</b>	<b>\$ 7,900</b>	<b>\$ -</b>	<b>\$ 375</b>	<b>\$ 3,020</b>

TOWN OF PITTSFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Recreation Spring Ball	Theatre Fundraising	Neighbors Program	Theatrical Productions	Insurance Water/Sewer Reimbursement	Economic Dev. Fund	Total
<b>REVENUES</b>							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,229
Interest income	-	-	-	-	-	86	1,515
Other revenue	3,050	8,224	1,300	-	1,313	-	41,347
<b>TOTAL REVENUES</b>	<u>3,050</u>	<u>8,224</u>	<u>1,300</u>	<u>-</u>	<u>1,313</u>	<u>86</u>	<u>171,091</u>
<b>EXPENDITURES</b>							
Public safety	-	-	-	-	-	-	23,998
Public services	3,653	2,318	664	-	-	-	38,234
Unclassified	-	-	-	-	1,313	-	352,694
<b>TOTAL EXPENDITURES</b>	<u>3,653</u>	<u>2,318</u>	<u>664</u>	<u>-</u>	<u>1,313</u>	<u>-</u>	<u>414,926</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(603)</u>	<u>5,906</u>	<u>636</u>	<u>-</u>	<u>-</u>	<u>86</u>	<u>(243,835)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	272,141
Transfers (out)	-	-	-	-	-	(5,000)	(5,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>267,141</u>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	<u>(603)</u>	<u>5,906</u>	<u>636</u>	<u>-</u>	<u>-</u>	<u>(4,914)</u>	<u>23,306</u>
<b>FUND BALANCES (DEFICITS), JANUARY 1, RESTATED</b>	<u>2,486</u>	<u>7,752</u>	<u>4,424</u>	<u>2,683</u>	<u>-</u>	<u>57,114</u>	<u>800,666</u>
<b>FUND BALANCES (DEFICITS), DECEMBER 31</b>	<u>\$ 1,883</u>	<u>\$ 13,658</u>	<u>\$ 5,060</u>	<u>\$ 2,683</u>	<u>\$ -</u>	<u>\$ 52,200</u>	<u>\$ 823,972</u>

See accompanying independent auditors' report and notes to financial statements.

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Pittsfield, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF PITTSFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2018

	Cemetery Fund	Perpetual Care Fund	Floral Fund	George M. Parks Fund	Cemetery Capital Improvement
<b>ASSETS</b>					
Cash and cash equivalents	\$ 66,551	\$ 24,787	\$ 4,867	\$ 11,275	\$ 6,303
Investments	641,441	114,631	23,104	108,510	48,629
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 707,992</u></b>	<b><u>\$ 139,418</u></b>	<b><u>\$ 27,971</u></b>	<b><u>\$ 119,785</u></b>	<b><u>\$ 54,932</u></b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ 2,350	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,350</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	707,992	139,418	25,621	119,785	54,932
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b><u>707,992</u></b>	<b><u>139,418</u></b>	<b><u>25,621</u></b>	<b><u>119,785</u></b>	<b><u>54,932</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b><u>\$ 707,992</u></b>	<b><u>\$ 139,418</u></b>	<b><u>\$ 27,971</u></b>	<b><u>\$ 119,785</u></b>	<b><u>\$ 54,932</u></b>

TOWN OF PITTSFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2018

	Pinnacle Park Fund	Animal Care Fund	Manson Park Reimbursement	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,575	\$ 2,363	\$ -	\$ 122,721
Investments	-	-	-	936,315
Accounts receivable (net of allowance for uncollectibles)	-	-	162	162
<b>TOTAL ASSETS</b>	<b><u>\$ 6,575</u></b>	<b><u>\$ 2,363</u></b>	<b><u>\$ 162</u></b>	<b><u>\$ 1,059,198</u></b>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ 162	\$ 2,512
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>162</u></b>	<b><u>2,512</u></b>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	-
Restricted	6,575	2,363	-	1,056,686
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b><u>6,575</u></b>	<b><u>2,363</u></b>	<b><u>-</u></b>	<b><u>1,056,686</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b><u>\$ 6,575</u></b>	<b><u>\$ 2,363</u></b>	<b><u>\$ 162</u></b>	<b><u>\$ 1,059,198</u></b>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF PITTSFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Cemetery Fund	Perpetual Care Fund	Floral Fund	George M. Parks Fund	Cemetery Capital Improvement
<b>REVENUES</b>					
Investment income, net of unrealized gains/(losses)	\$ (69,513)	\$ 1,656	\$ 333	\$ (11,815)	\$ (3,797)
Other income	-	640	-	-	-
<b>TOTAL REVENUES</b>	<u>(69,513)</u>	<u>2,296</u>	<u>333</u>	<u>(11,815)</u>	<u>(3,797)</u>
<b>EXPENDITURES</b>					
Scholarships	-	-	-	-	-
Other	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(69,513)</u>	<u>2,296</u>	<u>333</u>	<u>(11,815)</u>	<u>(3,797)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	3,980	-	-	-	-
Transfers (out)	-	-	-	-	(3,980)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>3,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,980)</u>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	<u>(65,533)</u>	<u>2,296</u>	<u>333</u>	<u>(11,815)</u>	<u>(7,777)</u>
<b>FUND BALANCES (DEFICITS), JANUARY 1, RESTATED</b>	<u>773,525</u>	<u>137,122</u>	<u>25,288</u>	<u>131,600</u>	<u>62,709</u>
<b>FUND BALANCES (DEFICITS), DECEMBER 31</b>	<u>\$ 707,992</u>	<u>\$ 139,418</u>	<u>\$ 25,621</u>	<u>\$ 119,785</u>	<u>\$ 54,932</u>

TOWN OF PITTSFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Pinnacle Park Fund	Animal Care Fund	Manson Park Reimbursement	Total
<b>REVENUES</b>				
Investment income, net of unrealized gains/(losses)	\$ 3	\$ 1	\$ -	\$ (83,132)
Other income	-	-	3,474	4,114
<b>TOTAL REVENUES</b>	<b>3</b>	<b>1</b>	<b>3,474</b>	<b>(79,018)</b>
<b>EXPENDITURES</b>				
Other	-	-	3,474	3,474
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>3,474</b>	<b>3,474</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>(82,492)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	3,980
Transfers (out)	-	-	-	(3,980)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>(82,492)</b>
<b>FUND BALANCES (DEFICITS), JANUARY 1, RESTATED</b>	<b>6,572</b>	<b>2,362</b>	<b>-</b>	<b>1,139,178</b>
<b>FUND BALANCES (DEFICITS), DECEMBER 31</b>	<b>\$ 6,575</b>	<b>\$ 2,363</b>	<b>\$ -</b>	<b>\$ 1,056,686</b>

See accompanying independent auditors' report and notes to financial statements.

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

## TOWN OF PITTSFIELD, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
DECEMBER 31, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ -	\$ 561,790	\$ 263,436	\$ -	\$ 825,226
Public safety	-	-	1,271,502	-	1,271,502
Public works	222,391	104,279	1,069,188	777,351	2,173,209
Parks and recreation	66,460	322,183	42,035	6,000	436,678
Library	27,800	213,500	15,266	-	256,566
Industrial Park	917,298	2,251,628	-	-	3,168,926
Airport	30,000	2,528,012	221,545	2,133,524	4,913,081
Transfer station	-	51,652	708,455	-	760,107
Cemetery	-	-	18,748	2,025	20,773
Theatre	-	-	82,327	-	82,327
Other	72,200	113,998	121,549	186,985	494,732
Sewer department	159,168	4,109,201	34,883	4,287,305	8,590,557
Water department	957,965	1,235,660	663,449	2,924,332	5,781,406
Total General Capital Assets	2,453,282	11,491,903	4,512,383	10,317,522	28,775,090
Less: Accumulated Depreciation	-	(8,449,240)	(3,091,654)	(2,976,593)	(14,517,487)
Net General Capital Assets	<u>\$ 2,453,282</u>	<u>\$ 3,042,663</u>	<u>\$ 1,420,729</u>	<u>\$ 7,340,929</u>	<u>\$ 14,257,603</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PITTSFIELD, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Capital Assets 1/1/18 (Restated)	Additions	Deletions	General Capital Assets 12/31/18
General government	\$ 825,226	\$ -	\$ -	\$ 825,226
Public safety	1,233,942	37,560	-	1,271,502
Public works	1,922,905	250,304	-	2,173,209
Parks and recreation	436,678	-	-	436,678
Library	256,566	-	-	256,566
Industrial Park	3,168,926	-	-	3,168,926
Airport	4,913,081	-	-	4,913,081
Transfer station	760,107	-	-	760,107
Cemetery	46,001	-	(25,228)	20,773
Theatre	82,327	-	-	82,327
Other	494,732	-	-	494,732
Sewer department	8,577,647	12,910	-	8,590,557
Water department	5,802,681	-	(21,275)	5,781,406
Total General Capital Assets	28,520,819	300,774	(46,503)	28,775,090
Less: Accumulated Depreciation	(13,797,984)	(785,849)	66,346	(14,517,487)
Net General Capital Assets	<u>\$ 14,722,835</u>	<u>\$ (485,075)</u>	<u>\$ 19,843</u>	<u>\$ 14,257,603</u>

See accompanying independent auditors' report and notes to financial statements.



*Proven Expertise and Integrity*

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Town Council  
Town of Pittsfield  
Pittsfield, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Pittsfield, Maine, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of Pittsfield, Maine's basic financial statements, and have issued our report thereon dated June 21, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Pittsfield, Maine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pittsfield, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Pittsfield, Maine's internal control over financial reporting.

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

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708      (207) 929-4606      Fax: (207) 929-4609  
www.rhrsmith.com

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
June 21, 2019