

TOWN OF EAST MILLINOCKET, MAINE

Annual Financial Report

For the Year Ended June 30, 2018

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Annual Financial Report
For the Year Ended June 30, 2018

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Independent Auditor's Report

Board of Selectmen
Town of East Millinocket, Maine

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Millinocket, Maine, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described on page 41 in the notes to basic financial statements, in 2018, the Town adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Millinocket, Maine's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Maine Department of Education, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and schedule of expenditures of federal awards 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 December 11, 2018, on our consideration of the Town of East Millinocket, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 East Millinocket, Maine's internal control over financial reporting and compliance.



December 11, 2018
South Portland, Maine

TOWN OF EAST MILLINOCKET, MAINE
Management's Discussion and Analysis
June 30, 2018

The Town of East Millinocket's annual financial report is hereby submitted for fiscal year 2018, which covers the period of July 1, 2017 to June 30, 2018. The Town is the responsible party to ensure the accuracy, completeness, and fairness of the data and other information presented. It is the belief of management that all the information contained herein is accurate in all material respects and reflects fairly the financial position and operations of the Town. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis introduces the Town's basic financial statements. The Town's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information (RSI) and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The *Statement of Net Position*, Statement 1, presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The *Statement of Activities*, Statement 2, presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town of East Millinocket, Maine that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, roads, health, social services and recreation, library and education. The Town has three business-type activities, which are the Wastewater, Water Works, and Ambulance funds.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE – GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

As previously noted, the statement of net position balances all of the Town's assets and deferred outflows of resources, the resources the Town can use to provide services and operate the government, against all of its liabilities and deferred inflows of resources, its obligations to turn over resources to other organizations or individuals, with the difference being reported as net position. Net position is what the Town would have left over after satisfying all of its liabilities.

TOWN OF EAST MILLINOCKET, MAINE
Management's Discussion and Analysis, Continued

CONDENSED PRESENTATION OF FINANCIAL INFORMATION

The following information is condensed from Statement 1, Statement of Net Position, for the years ended June 30, 2018 and June 20, 2017. It distinguishes between capital and other assets, notes the Town's general liabilities and debt service, and shows the Town's net position by restricted and unrestricted amounts. This information is also separated by the Town's Governmental Activities and Business-type Activities.

	Governmental Activities		Business-type Activities		Total	
	2018	2017 Restated	2018	2017	2018	2017 Restated
Assets:						
Current and other assets	\$ 5,098,351	\$ 4,573,272	797,643	574,211	5,895,994	5,147,483
Capital assets	4,663,582	4,768,143	4,650,805	4,716,571	9,314,387	9,484,714
Total assets	9,761,933	9,341,415	5,448,448	5,290,782	15,210,381	14,632,197
Deferred outflows of resources related to pensions	231,171	554,679	-	-	231,171	554,679
Deferred outflows of resources related to OPEB	414,423	-	-	-	414,423	-
Total deferred outflows	645,594	554,679	-	-	645,594	554,679
Liabilities:						
Current liabilities	402,242	291,349	928,892	733,470	1,331,134	1,024,819
Noncurrent liabilities	3,540,354	3,580,270	286,933	383,278	3,827,287	3,963,548
Total liabilities	3,942,596	3,871,619	1,215,825	1,116,748	5,158,421	4,988,367
Deferred inflows of resources related to pensions	88,977	102,928	-	-	88,977	102,928
Deferred inflows of resources related to OPEB	27,350	8,067	-	-	27,350	8,067
Total deferred inflows	116,327	110,995	-	-	116,327	110,995
Net position:						
Net investment in capital assets	4,456,931	4,567,905	3,586,002	3,712,551	8,042,933	8,280,456
Restricted	978,077	923,757	-	165,982	978,077	1,089,739
Unrestricted	913,596	421,818	646,621	295,501	1,560,217	717,319
Total net position	\$ 6,348,604	5,913,480	4,232,623	4,174,034	10,581,227	10,087,514

The Town of East Millinocket, Maine's governmental activities assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$6,348,604 and business-type activities assets exceeded its liabilities by \$4,232,623 for total net position of \$10,581,227 at the close of the most recent fiscal year.

A large portion of the Town's net position, \$8,042,933 (76%), reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding and adding back any unspent bond proceeds. The Town of East Millinocket, Maine uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

It should be noted that \$1,560,217 (15%) of the Town's net position is available to be used to meet the Town's ongoing obligations to its citizens and creditors.

TOWN OF EAST MILLINOCKET, MAINE
Management's Discussion and Analysis, Continued

TYPES OF ACTIVITIES BY FISCAL YEAR

The information in the following chart is drawn from Statement 2, Statement of Activities. Total expenses of the primary government were \$8,640,056; however, after considering all program revenues and other revenues, the net amount raised by property taxes was \$2,364,709. Put another way, property taxes financed 27% of the total costs of providing municipal, school, county, wastewater, water works, and ambulance expenses in FY 2018.

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,204,219	\$ 1,198,568	2,372,866	2,518,954	3,577,085	3,717,522
Operating grants and contributions	1,927,550	2,139,700	47,055	-	1,974,605	2,139,700
Capital grants and contributions	420,166	210,956	43,519	-	463,685	210,956
General revenues:						
Property taxes	2,364,709	2,360,452	-	-	2,364,709	2,360,452
Motor vehicle excise taxes	281,043	278,182	-	-	281,043	278,182
Interest and lien costs	17,770	29,945	-	-	17,770	29,945
State revenue sharing	210,628	172,721	-	-	210,628	172,721
Homestead and BETE exemptions	177,738	118,210	-	-	177,738	118,210
Other State aid	18,929	14,831	-	-	18,929	14,831
Unrestricted investment earnings	16,179	10,051	6,313	5,701	22,492	15,752
Miscellaneous	73,377	48,006	-	-	73,377	48,006
Loss on disposal of capital assets	-	(9,618)	(48,292)	(57,423)	(48,292)	(67,041)
Transfers	89,618	85,455	(89,618)	(85,455)	-	-
Total revenues	6,801,926	6,657,459	2,331,843	2,381,777	9,133,769	9,039,236
Expenses:						
General government	637,911	594,308	-	-	637,911	594,308
Public safety	627,047	681,975	-	-	627,047	681,975
Roads	341,576	338,510	-	-	341,576	338,510
Health, social services and recreation	368,467	340,890	-	-	368,467	340,890
Library	-	1,111	-	-	-	1,111
Education	3,887,848	4,276,612	-	-	3,887,848	4,276,612
Maine State retirement - on-behalf	175,494	165,112	-	-	175,494	165,112
Special projects	-	2,457	-	-	-	2,457
Cemetery	14,763	14,909	-	-	14,763	14,909
County tax	88,437	97,400	-	-	88,437	97,400
Capital maintenance expenses	225,259	53,649	-	-	225,259	53,649
Interest on debt	-	3,389	-	-	-	3,389
Wastewater fund	-	-	379,724	384,933	379,724	384,933
Water Works fund	-	-	269,888	236,335	269,888	236,335
Ambulance fund	-	-	1,623,642	1,849,230	1,623,642	1,849,230
Total expenses	6,366,802	6,570,322	2,273,254	2,470,498	8,640,056	9,040,820
Change in net position	435,124	87,137	58,589	(88,721)	493,713	(1,584)
Net position - beginning (restated)	5,913,480	7,531,343	4,174,034	4,262,755	10,087,514	11,794,098
Net position - ending	\$ 6,348,604	7,618,480	4,232,623	4,174,034	10,581,227	11,792,514

TOWN OF EAST MILLINOCKET, MAINE
Management's Discussion and Analysis, Continued

The Town of East Millinocket's governmental activities net position increased by \$435,124 and its business-type activities net position increased by \$58,589, which resulted in an overall increase to the primary government's net position from the prior fiscal year of \$493,713. However, after restating beginning net position required by implementing GASB 75, beginning net position was reduced by \$1,705,000.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds:

As of the end of the current fiscal year, the Town of East Millinocket, Maine's governmental funds reported combined ending fund balances of \$4,526,528, an increase of \$453,289 in comparison with the prior year. Approximately 67% of this total amount (\$3,045,523) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of the fund balance (\$1,481,005) is not available for new spending because it is either in a nonspendable form (\$70,101), is restricted for education and grants (\$969,976), has already been committed for various capital purposes (\$353,416), or has been assigned to specific uses (\$87,512).

As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total governmental funds expenditures. Unassigned fund balance (\$3,045,523) (Statement 3) represents 47.62% of the total governmental funds expenditures (\$6,395,686) (Statement 4); total governmental fund balance (\$4,526,528) (Statement 3) represents 70.77% of total governmental funds expenditures.

Business-type Activities:

The Town operates three business-type activities classified as enterprise funds. Enterprise funds are self-sustaining funds designed to be mostly funded through user fees and grants. The Town's enterprise funds, Wastewater, Water Works, and Ambulance, account for all activity related to the sewer, water, and ambulance services.

For a detailed look at both the fiscal year 2018 balance sheet and statement of revenues, expenses, and changes in net position, please see pages 19 and 20 of the audited financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

As usual, there were a number of variances between final budgeted amounts and amounts recorded as revenues or expenditures. In total, revenues were over budget by \$233,960. Expenditures were under budget by \$438,341. After considering other financing sources and uses, the total change in the general fund's fund balance was an increase of \$355,345. Some of the more significant variances between budget and actual that caused the increase, as shown on Statement 6, were as follows:

- Tax revenues were over budget by \$20,608, primarily due to a higher-than-expected excise tax collections.
- Intergovernmental revenues were over budget by \$65,535, primarily due to higher-than-expected State revenue sharing.
- Tuition and other charges for education were over budget by \$92,362, primarily due to an increase in the tuition rate during the fiscal year.
- Unclassified revenue exceeded budget by \$37,397, primarily due to an unbudgeted receipt from KARE as a fiscal agent.
- General government expenditures were under budget by \$71,250, primarily due to savings in insurances and benefits.
- Education expenditures were under budget by \$233,859, primarily due to lower-than-expected tuition paid to Medway, along with savings in out-of-district placement and facilities maintenance expenditures.

TOWN OF EAST MILLINOCKET, MAINE
Management's Discussion and Analysis, Continued

SUMMARY OF CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

CAPITAL ASSETS

At the end of 2018, the Town of East Millinocket's governmental activities capital assets totaled \$9,607,593. The accumulated depreciation for the Town's governmental activities for 2018 totaled \$4,944,012. This results in a net capital assets total of \$4,663,581, which is comprised of land, buildings and improvements, equipment, furniture and vehicles.

At the end of 2018, the Town of East Millinocket's business-type activities capital assets totaled \$9,179,204. The accumulated depreciation for the Town's business-type activities for 2018 totaled \$4,528,399. This results in a net capital assets total for the Town's business-type activities of \$4,650,805, which is comprised of land, infrastructure, buildings and improvements, equipment, furniture and vehicles.

During 2018, the Town's governmental activities invested \$110,522 in new capital asset additions. This included a plow (\$9,031), fencing around the baseball field (\$27,367), and (\$74,124) spent to finish the boiler project at Schenck High School, as well as perform other needed improvements to the school.

During 2018, the Town's business-type activities invested \$228,158 in new capital asset additions. This included \$87,688 that was expended on the new Wastewater Treatment Plant that is included in construction in progress at year-end and a 2016 ambulance (\$140,470).

LONG-TERM DEBT

The State allows municipalities to borrow up to 15% of their total state valuation. Since the value of the Town was \$65,250,000 in FY 2018, the town's debt limit is at \$9,787,500. The Town's current bonded debt is \$443,882, which is well below the debt limit. This debt includes \$139,323 for governmental activities and \$304,559 for business-type activities (Wastewater). The Wastewater debt is repaid through user fees, not property tax revenues.

The Town did not issue any new bonds during FY 2018, but repaid \$94,455 in principal between governmental and business-type activities. However, the Town did issue a bond anticipation note with an outstanding balance of \$760,244 in its wastewater fund relating to the construction of the new treatment plant.

The Town of East Millinocket has always been judicious in its debt management. Other than the cafeteria project bond, with its last payment in October 2020, The Town has no outstanding long-term debt supported by property tax revenue.

FUTURE SIGNIFICANT IMPACTS

The East Millinocket Board of Selectmen welcomed two new members this year with Margaret Daigle and Kyle Leathers being elected to represent the community. The board continues to work on developing economic opportunities, and has taken several significant steps in making East Millinocket more attractive to business. The town was named an "Opportunity Zone" which is a program that provides a tax incentive for investors to re-invest their unrealized capital gains. We are also in the process of updating the town's comprehensive plan, which will help with future grant applications. This plan is also focusing on a regional strategy with Medway and Millinocket. We continue to work with many partners in the forest industry with a focus on new technology and what might work well for the former mill property. The town is also in the process of setting up an new broadband company with our neighbors which will provide us with an important asset in accomplishing our economic goals.

The new wastewater treatment plant project broke ground in late spring. It is anticipated that the project will be completed sometime in late 2019 or early 2020.

TOWN OF EAST MILLINOCKET, MAINE
Management's Discussion and Analysis, Continued

The East Millinocket/Lincoln Ambulance Service has been in operation for the past five years and currently provides jobs for over 60 people throughout the Katahdin Region. Each year, the department has operated at a loss, which is expected when any new enterprise is launched. This past year, the fund showed a total net position decrease of \$69,214, but this is down from \$164,256 in the prior year. Additionally, of the current year decrease, \$48,292 is the result of a loss on disposal of capital assets and \$89,618 was transferred to the General Fund per the budget. Thus, the operating income for 2018 was \$68,696, which is a marked improvement from the prior year loss of \$21,378. The Board is hopeful that next year's audit will show operational gains which will help replenish the equipment replacement/repair accounts.

REQUEST FOR INFORMATION

This financial report is presented to provide a general overview of the Town of East Millinocket, Maine for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Assistant, Town of East Millinocket, 53 Main Street, East Millinocket, Maine 04430 or at acote@gwi.net.

Respectfully submitted,

Angela Cote
Administrative Assistant
Town of East Millinocket, Maine

Beverly J. MacLeod
Treasurer
Town of East Millinocket, Maine

BASIC FINANCIAL STATEMENTS

TOWN OF EAST MILLINOCKET, MAINE
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,429,513	1,118,244	3,547,757
Investments	395,724	935,110	1,330,834
Receivables:			
Accounts, net of allowance (\$991,803)	140,097	459,535	599,632
Intergovernmental	47,729	-	47,729
Taxes receivable - current year	192,115	-	192,115
Taxes receivable - prior years	26,850	-	26,850
Tax liens	47,789	-	47,789
Loan receivable	62,000	-	62,000
Internal balances	1,748,433	(1,748,433)	-
Inventory	8,101	33,187	41,288
Capital assets, not being depreciated	112,094	827,308	939,402
Capital assets, net of accumulated depreciation	4,551,488	3,823,497	8,374,985
Total assets	9,761,933	5,448,448	15,210,381
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	231,171	-	231,171
Deferred outflows of resources related to OPEB	414,423	-	414,423
Total deferred outflows of resources	645,594	-	645,594
LIABILITIES			
Accounts payable and other current liabilities	25,740	40,783	66,523
Taxes paid in advance	7,171	-	7,171
Accrued wages and benefits payable	286,289	41,722	328,011
Advance for construction	-	37,293	37,293
Bond anticipation note	-	760,244	760,244
Noncurrent liabilities:			
Due within one year	83,042	48,850	131,892
Due in more than one year	3,540,354	286,933	3,827,287
Total liabilities	3,942,596	1,215,825	5,158,421
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	88,977	-	88,977
Deferred inflows of resources related to OPEB	27,350	-	27,350
Total deferred inflows of resources	116,327	-	116,327
NET POSITION			
Net investment in capital assets	4,456,931	3,586,002	8,042,933
Restricted for:			
Education	570,487	-	570,487
Grants and programs	407,590	-	407,590
Unrestricted	913,596	646,621	1,560,217
Total net position	\$ 6,348,604	4,232,623	10,581,227

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Activities
For the year ended June 30, 2018

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 637,911	25,283	-	-	(612,628)	-	(612,628)
Public safety	627,047	122,000	-	161,589	(343,458)	-	(343,458)
Roads	341,576	-	14,364	10,900	(316,312)	-	(316,312)
Health, social services and recreation	368,467	54,515	26,588	21,528	(265,836)	-	(265,836)
Library	-	-	-	-	-	-	-
Education	3,887,848	1,002,421	1,711,104	226,149	(948,174)	-	(948,174)
Maine State retirement - on-behalf payments	175,494	-	175,494	-	-	-	-
Cemetery	14,763	-	-	-	(14,763)	-	(14,763)
County tax	88,437	-	-	-	(88,437)	-	(88,437)
Capital maintenance expenses	225,259	-	-	-	(225,259)	-	(225,259)
Total governmental activities	6,366,802	1,204,219	1,927,550	420,166	(2,814,867)	-	(2,814,867)
Business-type activities:							
Wastewater fund	379,724	459,705	47,055	43,519	-	170,555	170,555
Water Works fund	269,888	220,823	-	-	-	(49,065)	(49,065)
Ambulance fund	1,623,642	1,692,338	-	-	-	68,696	68,696
Total business-type activities	2,273,254	2,372,866	47,055	43,519	-	190,186	190,186
Total primary government	\$ 8,640,056	3,577,085	1,974,605	463,685	(2,814,867)	190,186	(2,624,681)
General revenues:							
Property taxes, levied for general purposes					\$ 2,364,709	-	2,364,709
Motor vehicle excise taxes					281,043	-	281,043
Interest and lien costs					17,770	-	17,770
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					210,628	-	210,628
Homestead and BETE reimbursements					177,738	-	177,738
Other State aid					18,929	-	18,929
Unrestricted investment earnings					16,179	6,313	22,492
Miscellaneous revenues					73,377	-	73,377
Loss on disposal of capital assets					-	(48,292)	(48,292)
Transfers					89,618	(89,618)	-
Total general revenues, loss on disposal, and transfers					3,249,991	(131,597)	3,118,394
Change in net position					435,124	58,589	493,713
Net position - beginning, restated					5,913,480	4,174,034	10,087,514
Net position - ending					\$ 6,348,604	4,232,623	10,581,227

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

	General	Capital Reserve Funds	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,429,513	-	-	2,429,513
Investments	332,801	-	62,923	395,724
Receivables:				
Accounts	140,097	-	-	140,097
Intergovernmental	-	-	47,729	47,729
Taxes receivable - current year	192,115	-	-	192,115
Taxes receivable - prior years	26,850	-	-	26,850
Tax liens	47,789	-	-	47,789
Loan receivable	62,000	-	-	62,000
Inventory	-	-	8,101	8,101
Interfund loans receivable	1,105,760	353,416	328,084	1,787,260
Total assets	\$ 4,336,925	353,416	446,837	5,137,178
LIABILITIES				
Accounts payable	25,740	-	-	25,740
Taxes paid in advance	7,171	-	-	7,171
Accrued wages and benefits	285,869	-	420	286,289
Interfund loans payable	-	-	38,827	38,827
Total liabilities	318,780	-	39,247	358,027
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	252,623	-	-	252,623
Total deferred inflows of resources	252,623	-	-	252,623
FUND BALANCES				
Nonspendable	62,000	-	8,101	70,101
Restricted	570,487	-	399,489	969,976
Committed	-	353,416	-	353,416
Assigned	87,512	-	-	87,512
Unassigned	3,045,523	-	-	3,045,523
Total fund balances	3,765,522	353,416	407,590	4,526,528
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,336,925	353,416	446,837	
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.				4,663,582
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds.				252,623
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:				
Compensated absences payable				(63,938)
Other postemployment benefits, including related deferred outflows and inflows				(1,988,791)
Capital leases payable				(67,328)
Net pension liability, including related deferred outflows and inflows				(834,749)
Bonds payable				(139,323)
Net position of governmental activities				\$ 6,348,604

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	General	Capital Reserve Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,617,519	-	2,064	2,619,583
Licenses and permits	15,923	-	-	15,923
Intergovernmental	1,808,153	-	317,898	2,126,051
Intergovernmental on-behalf payments	175,494	-	-	175,494
Tuition and other charges for services - education	972,676	-	-	972,676
Charges for services	185,875	-	29,745	215,620
Unclassified	98,377	81,613	346,853	526,843
Investment earnings	11,043	4,279	857	16,179
Total revenues	5,885,060	85,892	697,417	6,668,369
Expenditures:				
Current:				
General government	433,463	-	479	433,942
Public safety	594,976	-	-	594,976
Roads	312,881	-	-	312,881
Health, social service and recreation	290,011	-	65,444	355,455
Education	3,659,489	-	479,518	4,139,007
On-behalf payments - Maine PERS	175,494	-	-	175,494
Cemetery	14,763	-	-	14,763
County tax	88,437	-	-	88,437
Capital outlay	113,798	9,837	110,655	234,290
Debt service	46,441	-	-	46,441
Total expenditures	5,729,753	9,837	656,096	6,395,686
Excess of revenues over expenditures	155,307	76,055	41,321	272,683
Other financing sources (uses):				
Proceeds from capital leases	90,988	-	-	90,988
Transfers from other funds	130,088	-	40,921	171,009
Transfers to other funds	(21,038)	(39,432)	(20,921)	(81,391)
Total other financing sources (uses)	200,038	(39,432)	20,000	180,606
Net change in fund balances	355,345	36,623	61,321	453,289
Fund balances, beginning of year	3,410,177	316,793	346,269	4,073,239
Fund balances, end of year	\$ 3,765,522	353,416	407,590	4,526,528

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2018

Net change in fund balances - total governmental funds (from Statement 4)	\$	453,289
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$215,083) exceeded capital outlay (\$110,522).</p>		(104,561)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenue - property taxes.</p>		43,939
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the increase in the net pension liability with related deferred inflows and outflows of resources (\$46,078), and the increase in other postemployment benefits and related deferred inflows and outflows of resources (\$2,418), and the increase in accrued compensated absences (\$374).</p>		48,870
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which lease proceeds (\$90,988) exceeded lease repayments (\$38,134).</p>		(52,854)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of bond principal repayments.</p>		46,441
Change in net position of governmental activities (see Statement 2)		\$ 435,124

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2018

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,598,726	2,596,911	2,617,519	20,608
Licenses and permits	6,400	6,400	15,923	9,523
Intergovernmental	1,672,803	1,742,618	1,808,153	65,535
Tuition and other charges for services - education	880,314	880,314	972,676	92,362
Charges for services	188,383	188,383	185,875	(2,508)
Unclassified	60,980	60,980	98,377	37,397
Investment earnings	-	-	11,043	11,043
Total revenues	5,407,606	5,475,606	5,709,566	233,960
Expenditures:				
Current:				
General government	482,213	504,713	433,463	71,250
Public safety	660,103	660,103	594,976	65,127
Roads	335,800	336,838	312,881	23,957
Health, social service and recreation	303,141	312,092	290,011	22,081
Education	3,825,348	3,893,348	3,659,489	233,859
Cemetery	14,175	14,175	14,763	(588)
County tax	88,437	88,437	88,437	-
Capital outlay	13,900	45,465	22,810	22,655
Debt service	46,441	46,441	46,441	-
Total expenditures	5,769,558	5,901,612	5,463,271	438,341
Excess (deficiency) of revenues over (under) expenditures	(361,952)	(426,006)	246,295	672,301
Other financing sources (uses):				
Overlay	(38,978)	(38,978)	-	38,978
Budgeted use of surplus - school	311,313	311,313	-	(311,313)
Budgeted use of surplus - town	-	49,500	-	(49,500)
Use of assigned fund balance - town	-	14,554	-	(14,554)
Transfers from other funds	89,617	89,617	130,088	40,471
Transfers to other funds	-	-	(21,038)	(21,038)
Total other financing sources	361,952	426,006	109,050	(316,956)
Net change in fund balance	-	-	355,345	355,345
Fund balance, beginning of year			3,410,177	
Fund balance, end of year	\$		3,765,522	

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2018

Business-type Activities - Enterprise Funds				
	Wastewater	Water Works	Ambulance	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 857,306	260,938	-	1,118,244
Investments	115,832	819,278	-	935,110
Accounts receivable, net of allowance (\$991,803)	163,219	27,404	268,912	459,535
Inventory	-	33,187	-	33,187
Total current assets	1,136,357	1,140,807	268,912	2,546,076
Noncurrent assets:				
Capital assets	5,397,337	2,088,073	866,486	8,351,896
Capital assets, not being depreciated	796,352	30,956	-	827,308
Less accumulated depreciation	(3,122,686)	(1,067,939)	(337,774)	(4,528,399)
Total noncurrent assets	3,071,003	1,051,090	528,712	4,650,805
Total assets	4,207,360	2,191,897	797,624	7,196,881
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	31,757	527	8,499	40,783
Accrued wages	3,117	5,043	33,562	41,722
Advance for construction	-	37,293	-	37,293
Bonds payable	48,850	-	-	48,850
Bond anticipation note	760,244	-	-	760,244
Interfund loans payable	698,078	362,420	687,935	1,748,433
Total current liabilities	1,542,046	405,283	729,996	2,677,325
Noncurrent liabilities:				
Accrued compensated absences	3,601	2,895	24,728	31,224
Bonds payable	255,709	-	-	255,709
Total noncurrent liabilities	259,310	2,895	24,728	286,933
Total liabilities	1,801,356	408,178	754,724	2,964,258
NET POSITION				
Net investment in capital assets	2,006,200	1,051,090	528,712	3,586,002
Unrestricted	399,804	732,629	(485,812)	646,621
Total net position	\$ 2,406,004	1,783,719	42,900	4,232,623

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2018

Business-type Activities - Enterprise Funds				
	Wastewater	Water Works	Ambulance	Total
Operating revenues:				
Charges for services	\$ 373,185	220,151	1,685,924	2,279,260
Other	86,520	672	6,414	93,606
Total operating revenues	459,705	220,823	1,692,338	2,372,866
Operating expenses:				
Personnel costs	82,854	110,203	978,022	1,171,079
Employee benefits	32,813	16,815	163,996	213,624
Purification costs	4,410	2,283	-	6,693
Utilities	22,369	31,793	10,893	65,055
Repairs and maintenance	17,598	2,057	92,719	112,374
General expenses	13,727	25,674	58,064	97,465
Insurance	4,398	8,485	56,170	69,053
Transportation	3,559	3,215	-	6,774
Landfill and waste disposal costs	70,759	-	-	70,759
Capital improvements	-	19,566	-	19,566
Bad debt expense	12,700	3,500	172,300	188,500
Depreciation	107,856	46,297	91,478	245,631
Total operating expenses	373,043	269,888	1,623,642	2,266,573
Operating income (loss)	86,662	(49,065)	68,696	106,293
Nonoperating revenue (expense):				
Intergovernmental	47,055	-	-	47,055
Sale of equipment and scrap metal (net)	43,519	-	-	43,519
Interest income	710	5,603	-	6,313
Interest expense	(6,681)	-	-	(6,681)
Loss on disposal	-	-	(48,292)	(48,292)
Total nonoperating revenue (expense)	84,603	5,603	(48,292)	41,914
Income (loss) before transfers	171,265	(43,462)	20,404	148,207
Transfers In (out)	-	-	(89,618)	(89,618)
Change in net position	171,265	(43,462)	(69,214)	58,589
Total net position, beginning of year	2,234,739	1,827,181	112,114	4,174,034
Total net position, end of year	\$ 2,406,004	1,783,719	42,900	4,232,623

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2018

Business-type Activities - Enterprise Funds				
	Wastewater	Water Works	Ambulance	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 417,482	216,096	1,474,834	2,108,412
Payments to suppliers	(105,213)	(91,672)	(219,671)	(416,556)
Payments to employees	(115,735)	(126,609)	(1,134,246)	(1,376,590)
Net cash provided by (used in) operating activities	196,534	(2,185)	120,917	315,266
Cash flows from noncapital financing activities:				
Transfer to other funds	-	-	(89,618)	(89,618)
Net change in interfunds	339,459	112,178	109,171	560,808
Net cash provided by noncapital financing activities	339,459	112,178	19,553	471,190
Cash flows from capital and related financing activities:				
Capital asset purchases	(87,687)	-	(140,470)	(228,157)
Proceeds from sale of property	43,519	-	-	43,519
Proceeds from bond anticipation note	108,797	-	-	108,797
Grant/contribution monies received for capital assets	47,055	-	-	47,055
Principal payments on bonds	(48,014)	-	-	(48,014)
Interest payments on bonds	(6,681)	-	-	(6,681)
Net cash provided by (used in) capital and relating financing activities	56,989	-	(140,470)	(83,481)
Cash flows from investing activities:				
Purchase (sale) of investments	(9,597)	6,319	-	(3,278)
Investment income	710	5,603	-	6,313
Net cash provided by (used in) investing activities	(8,887)	11,922	-	3,035
Increase in cash and cash equivalents	584,095	121,915	-	706,010
Cash and cash equivalents, beginning of year	273,211	139,023	-	412,234
Cash and cash equivalents, end of year	\$ 857,306	260,938	-	1,118,244
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 86,662	(49,065)	68,696	106,293
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	107,856	46,297	91,478	245,631
Bad debt expense	12,700	3,500	172,300	188,500
(Increase) decrease in assets:				
Accounts receivable	(42,223)	(4,727)	(217,504)	(264,454)
Inventory	-	1,002	-	1,002
Increase (decrease) in liabilities:				
Accounts payable	31,607	399	(1,825)	30,181
Accrued wages and benefits payable	379	1,507	5,708	7,594
Accrued compensated absences	(447)	(1,098)	2,064	519
Net cash provided by operating activities	\$ 196,534	(2,185)	120,917	315,266

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private-purpose Trusts	Agency Funds
	Scholarship Funds	School Activity Fund
ASSETS		
Cash and cash equivalents	\$ 60,425	69,137
Investments	12,494	-
Total assets	72,919	69,137
LIABILITIES		
Due to student groups	-	69,137
Total liabilities	-	69,137
NET POSITION		
Held in trust	\$ 72,919	-

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2018

		Private-purpose Trusts <hr/> Scholarship Funds
<hr/>		
Additions:		
Contributions	\$	305
Interest and dividends		532
Realized and unrealized gain		497
Total additions		<hr/> 1,334 <hr/>
Deductions:		
Scholarships		4,241
Investment fees		127
Total deductions		<hr/> 4,368 <hr/>
Change in net position		(3,034)
Net position, beginning of year		<hr/> 75,953 <hr/>
Net position, end of year	\$	72,919

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of East Millinocket, Maine was incorporated as a Town in 1907 under the laws of the State of Maine. The Town operates under a Board of Selectmen form of government.

A. Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Town of East Millinocket, Maine. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Additionally, certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or component unit. Based on the application of these criteria, there were no potential component units required to be included in this report.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions, and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for property taxes and one year for all other revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

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

The Town reports the following major governmental funds:

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

The *Capital Reserve Funds* account for resources obtained and expended for the acquisition or construction of major capital facilities and projects (other than those financed by proprietary funds, special assessment funds, and trust funds).

The Town reports the following major proprietary funds:

The *Wastewater Fund* accounts for the operation of a sewer system in East Millinocket.

The *Water Works Fund* accounts for the operation of the water system.

The *Ambulance Fund* accounts for the operations of the ambulance and emergency services for the Towns of East Millinocket, Medway, Woodville, and Lincoln.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Additionally, the Town reports the following fund types:

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

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

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds account for assets held by the Town as an agent for individuals, private organizations, other governments, and/or funds. The Town serves as an agent for the various school activity accounts.

Private-purpose trust funds are funds held by the Town in a trustee capacity accounted for in essentially the same manner as proprietary funds.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and are readily convertible to cash. State statutes authorize the Town to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

Investments are stated at fair value, unless otherwise indicated. 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.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories in the governmental funds (consisting of food and supplies) include the value of government surplus items donated to the School Lunch Program. The Town also reports inventory in the Wastewater Fund, which consists of spare parts and supplies. The costs of all other governmental fund type inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The Town utilizes the consumption method for prepaid items in which items purchased are recorded as an asset and the recognition of the expenditure is deferred until the period the prepaid items is actually consumed or used.

F. Capital Assets

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

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

For the primary government, straight-line depreciation is computed using the following estimated useful lives:

Buildings and improvements	15-50 years
Equipment and furniture	8-20 years
Vehicles	5-15 years
Infrastructure	20-100 years

G. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrued vacation and sick leave are accrued when incurred in the governmental-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

H. Long-term Obligations

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

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

I. Deferred Inflows and Outflows of Resources

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

J. Interfund Transactions

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets and service debt. These transactions are reported as transfers.

K. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed by the School Department. Encumbrances have all lapsed at year-end.

L. Use of Estimates

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

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

M. Fund Equity

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

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

The Board of Selectmen has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the Board of Selectmen or a body or official delegated by the Board of Selectmen may assign fund balance, including unspent budgeted amounts, for specific purposes in the General Fund at year-end based on Department requests.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the Town’s intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the Town’s practice to use committed or assigned resources first, and then unassigned resources as they are needed.

N. Pensions

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

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary vs. GAAP Basis of Accounting

As required by accounting principles generally accepted in the United States of America (GAAP), the Town has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the Town of East Millinocket School Department. These amounts have not been budgeted and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$175,494. These amounts have been included as an intergovernmental revenue and an education expenditure/expense in the General Fund on Statement 4 (GAAP basis) and on the Statement of Activities (Statement 2). There is no effect on the fund balance/net position at the end of the year.

Budget Information

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

Generally, all unexpended appropriations lapse at the close of the fiscal year unless specific approval is granted at a Board of Selectmen meeting to carry such amounts forward.

Excess of Expenditures over Appropriations

For the year ended June 30, 2018, expenditures exceeded appropriations in the following categories:

Police	\$3,854
Cemetery	588
Christmas lights and receptacles	180

DEPOSITS AND INVESTMENTS

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal policy with respect to custodial credit risk. As of June 30, 2018, the Town reported deposits of \$3,677,319 with a bank balance of \$3,680,484. Of the bank balance at June 30, 2018, \$965,102 was exposed to custodial credit risk as it was not covered by F.D.I.C. or by additional insurance.

At June 30, 2018, deposits have been reported as follows:

Reported in governmental funds	\$ 2,429,513
Reported in proprietary funds	1,118,244
Reported in fiduciary funds	<u>129,562</u>
Total deposits	<u>\$ 3,677,319</u>

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Town's investments at June 30, 2018 are level 1 inputs.

Custodial credit risk - investments – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value if its investments or collateral securities that are in the possession of an outside party. At June 30, 2018, the Town's investments were not exposed to custodial credit risk.

Credit risk – Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The Town currently does not have an investment policy for credit risk. At June 30, 2018, all of the Town's investments in government securities were rated AA by Standard & Poor's.

Interest rate risk – The Town does not have a deposit policy for interest rate risk.

At June 30, 2018, investments and maturities have been reported as follows:

Investment Types	Fair Value	Not Applicable	Maturity		
			Less than 1 Year	1-5 Years	More than 5 Years
Governmental Activities:					
Money market	\$ 84,982	84,982	-	-	-
Certificates of deposit	60,742	-	-	60,742	-
Mutual funds	250,000	250,000	-	-	-
Total governmental	\$ 395,724	334,982	-	60,742	-
Business-type Activities:					
Money market	\$ 310,130	310,130	-	-	-
Governmental securities	449,888	-	-	449,888	-
Mutual funds	175,092	175,092	-	-	-
Total business-type	\$ 935,110	485,222	-	449,888	-
Fiduciary Funds:					
Money market	\$ 166	166	-	-	-
Mutual funds	12,328	12,328	-	-	-
Total fiduciary	\$ 12,494	12,494	-	-	-

PROPERTY TAX

The Town's property tax was levied January 16, 2018 on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. The assessed value for the list as of April 1, 2017 upon which the current levy was based was \$70,769,849.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

PROPERTY TAX, CONTINUED

Taxes are billed annually and were due one-half on February 16, 2018 and one-half on April 19, 2018 with interest charged at 7% per annum on taxes unpaid after that date. Tax liens 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 remained unpaid.

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 \$38,978 for the year ended June 30, 2018.

The following summarizes the tax levies:

	<u>2018</u>	<u>2017</u>
Assessed value	\$ 70,769,849	76,976,991
Tax rate (per \$1,000)	33.50	30.75
Commitment	2,370,790	2,367,042
Less:		
Collections and abatements	2,178,675	2,208,004
Receivable at end of period	\$ 192,115	159,038
Collection rate	91.90%	93.28%

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 96,266	-	-	96,266
Construction in progress	52,620	43,328	80,120	15,828
Total capital assets, not being depreciated	148,886	43,328	80,120	112,094
Capital assets, being depreciated:				
Buildings and improvements	7,049,725	138,282	-	7,188,007
Equipment and furniture	1,170,592	9,031	-	1,179,623
Vehicles	1,127,869	-	-	1,127,869
Total capital assets being depreciated	9,348,186	147,313		9,495,499
Less accumulated depreciation for:				
Buildings and improvements	2,658,009	148,858	-	2,806,867
Equipment and furniture	1,049,301	20,287	-	1,069,588
Vehicles	1,021,619	45,938	-	1,067,557
Total accumulated depreciation	4,728,929	215,083	-	4,944,012
Total capital assets being depreciated, net	4,619,257	(67,770)	-	4,551,487
Governmental activities capital assets, net	\$ 4,768,143	(24,442)	80,120	4,663,581

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,456	-	-	1,456
Organization costs	29,500	-	-	29,500
<u>Construction in progress</u>	<u>708,664</u>	<u>87,688</u>	-	<u>796,352</u>
Total capital assets, not being depreciated	739,620	87,688	-	827,308
Capital assets, being depreciated:				
Infrastructure	6,954,877	-	-	6,954,877
Buildings and improvements	112,377	-	-	112,377
Equipment and furniture	450,804	-	-	450,804
<u>Vehicles</u>	<u>822,363</u>	<u>140,470</u>	<u>128,995</u>	<u>833,838</u>
Total capital assets being depreciated	8,340,421	140,470	128,995	8,351,896
Less accumulated depreciation for:				
Infrastructure	3,671,873	131,306	-	3,803,179
Buildings and improvements	102,632	1,657	-	104,289
Equipment and furniture	292,040	21,477	-	313,517
<u>Vehicles</u>	<u>296,925</u>	<u>91,192</u>	<u>80,703</u>	<u>307,414</u>
Total accumulated depreciation	4,363,470	245,632	80,703	4,528,399
<u>Total capital assets being depreciated, net</u>	<u>3,976,951</u>	<u>(105,162)</u>	<u>48,292</u>	<u>3,823,497</u>
<u>Business-type activities capital assets, net</u>	<u>\$ 4,716,571</u>	<u>(17,474)</u>	<u>48,292</u>	<u>4,650,805</u>

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

Governmental activities:	
General government	\$ 13,738
Public safety	32,071
Roads	28,695
Health, social services and recreation	13,012
<u>Education</u>	<u>127,567</u>
<u>Total depreciation expense - governmental activities</u>	<u>\$ 215,083</u>

Business-type activities:	
Wastewater	\$ 91,479
Water Works	46,297
<u>Ambulance</u>	<u>107,856</u>
<u>Total depreciation expense - business-type activities</u>	<u>\$ 245,632</u>

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 185,764	-	46,441	139,323	46,441
Capital leases	14,474	90,988	38,134	67,328	36,601
Net pension liability	1,240,422	-	263,479	976,943	-
Other post-employment benefits	2,076,046	431,525	131,707	2,375,864	-
Accrued compensated absences	63,564	374	-	63,938	-
Governmental activities long-term liabilities	\$ 3,580,270	522,887	479,761	3,623,396	83,042
Business-type activities:					
General obligation bonds	352,573	-	48,014	304,559	48,850
Accrued compensated absences	30,705	519	-	31,224	-
Business-type activities long-term liabilities	\$ 383,278	519	48,014	335,783	48,850

Bonds payable at June 30, 2018 are comprised of the following:

	Date of issue	Original amount issued	Date of maturity	Interest rate	Balance June 30, 2018
Governmental activities:					
2000 GOB	10/26/00	\$ 928,813	10/06/20	0.00%	139,323
Total governmental activities					\$ 139,323
Business-type activities:					
2003 Sewer GOB	11/13/03	\$ 918,000	11/13/23	2.25%	304,559
Total business-type activities					\$ 304,559

The annual requirements to amortize all long-term debt outstanding as of June 30, 2018 are as follows:

<u>June 30,</u>	<u>Governmental activities</u>			<u>Business-type activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 46,441	-	46,441	48,850	3,774	52,624
2020	46,441	-	46,441	49,726	2,848	52,574
2021	46,441	-	46,441	50,642	1,758	52,400
2022	-	-	-	51,349	1,075	52,424
2023	-	-	-	51,792	550	52,342
2024	-	-	-	52,200	-	52,200
Total	\$139,323	-	139,323	304,559	10,005	314,564

The Town is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the Town. The Town's outstanding long-term debt at June 30, 2018 was within the statutory limit.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL LEASES

The Town and school have entered into lease agreements for the financing and acquisition of copiers and laptops. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and therefore have been recorded at the present value of the future minimum lease payments at the date of inception.

None of these items were capitalized as of June 30, 2018 as they were all individually below the Town's capitalization threshold:

The following is a schedule of future minimum lease payments under capital leases and the present value of the minimum lease payments at June 30, 2018:

Fiscal year ending <u>June 30,</u>	<u>Payments</u>
2019	38,899
<u>2020</u>	<u>31,965</u>
Total minimum lease payments	70,864
<u>Less: amount representing interest</u>	<u>(3,536)</u>
<u>Present value minimum lease payments</u>	<u>\$ 67,328</u>

SHORT-TERM DEBT

The Town issued a bond anticipation note within the Wastewater Fund for interim financing until long-term bonds are issued. The bond anticipation note was for \$3,648,000 with an interest rate of 1.39% and is due on December 31, 2018. Bond anticipation note activity for the year ended June 30, 2018 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
<u>Bond anticipation note</u>	<u>\$ 651,447</u>	<u>108,797</u>	<u>-</u>	<u>760,244</u>

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

FUND BALANCE

The General Fund unassigned fund balance total of \$3,045,523 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund.

As of June 30, 2018, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Loan receivable	\$ 62,000	-	-	-
Restricted for education	-	570,487	-	-
Assigned for:				
Admin computer	-	-	-	242
Library – books and gifts	-	-	-	4,010
Hot top	-	-	-	22,192
Town celebration	-	-	-	9,333
Town buildings improvements	-	-	-	1,872
Flags	-	-	-	2
Public safety building repair	-	-	-	11,297
Economic development	-	-	-	29,798
Industrial park	-	-	-	2,545
Admin insurance reimbursement	-	-	-	5,720
Recreation	-	-	-	501
Total general fund	62,000	570,487	-	87,512
Capital Reserve Funds	-	-	353,416	-
Other Governmental Funds:				
Education grants	-	184,054	-	-
Town grants	-	111,144	-	-
School lunch program - inventory	8,101	-	-	-
School lunch program	-	41,368	-	-
Ministerial fund	-	62,923	-	-
Total other governmental	8,101	399,489	-	-
Grand totals	\$ 70,101	969,976	353,416	87,512

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association and the School Department participates in a public entity risk pool sponsored by the Maine School Management Association for workers' compensation coverage.

Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2018.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers. Individual fund interfund receivables and payables balances and transfers at June 30, 2018 arising from these transactions were as follows:

	<u>Receivables</u>	<u>Payables</u>	<u>Net transfers in (out)</u>
General fund	\$ 1,105,760	-	109,050
Capital reserve funds	353,416	-	(39,432)
Proprietary funds:			
Wastewater fund	-	698,078	-
Water Works fund	-	362,420	-
Ambulance fund	-	687,935	(89,618)
Nonmajor special revenue funds:			
Education grants	184,054	38,827	20,000
Town grants	111,144	-	-
School lunch program	32,886	-	-
Totals	\$ 1,787,260	1,787,260	-

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the Town are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.maineopers.org.

Benefits Provided - The PLD and SET Plans 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. 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. For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

PLD Plan - Employees are required to contribute 8.0% of their annual pay. The Town's contractually required contribution rates for the year ended June 30, 2018 was 9.60% annual payroll for the Regular AC Plan and 10.10% for the Special 2C (Police) Plan. Contributions to the pension plan from the Town were \$110,391 for the year ended June 30, 2018.

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the Town and 11.08% was required from the State. Contributions to the pension plan from the Town were \$49,755 for the year ended June 30, 2018.

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

The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2018, the Town reported a liability of \$856,731 for its proportionate share of the net pension liability. At June 30, 2017, the Town's proportion of the PLD Plan was 0.2092%.

SET Plan - At June 30, 2018, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 120,212
State's proportionate share of the net pension liability associated with the Town	1,568,847
Total	\$ 1,689,059

At June 30, 2017, the Town's proportion of the SET Plan was 0.0083%.

For the year ended June 30, 2018, the Town recognized pension expense of \$159,694 for the PLD Plan and \$185,392 for the SET Plan with revenue of \$138,862 for support provided by the State. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	36,104
Changes of assumptions	71,025	-
Net difference between projected and actual earnings on pension plan investments	-	25,325
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	27,548
Town contributions subsequent to the measurement date	160,146	-
Total	\$ 231,171	88,977

An amount of \$160,146 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$(43,125)
2020	83,384
2021	6,552
2022	(64,763)

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for the PLD Plan and the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the Town's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan and the SET Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$1,718,865	\$856,731	\$207,677
 <u>SET Plan</u>	 1% Decrease <u>(5.875%)</u>	 Current Discount Rate <u>(6.875%)</u>	 1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$210,936	\$120,212	\$45,306

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

Payables to the pension plan - None as of June 30, 2018.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan – Group Term Life Insurance (School Department)

Plan Description - The School Department sponsors a post-retirement benefit plan providing group term life insurance to retiring Teachers. The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at www.mainebers.org.

Benefits Provided - MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the School Department were \$3,922 for the year ended June 30, 2018. Employers and employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the School Department reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the School Department was \$43,271 as of June 30, 2018. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School Department's proportion of the net OPEB liability was based on a projection of the School Department's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the School Department's proportion was 0.00%.

For the year ended June 30, 2018, the School Department recognized OPEB expense of \$3,922 and also revenues of \$3,922 for support provided by the State. At June 30, 2018, the School Department reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

Actuarial Assumptions - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75% - 14.50%
Investment rate of return	6.875%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

The long-term expected rate of return on OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Government Securities	9.0%	2.3%
Total	100.0%	

Discount Rate - The rate used to measure the total OPEB liability for the plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan’s fiduciary net position is available in a separately issued MPERS financial report.

General Information about the OPEB Plan - Group Term Life Insurance (Town and School Department)

Plan Description - The Town sponsors a post-retirement benefit plan providing group term life insurance to retiring employees. The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at www.maineipers.org.

Benefits Provided - MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The Town is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the OPEB plan from the Town and School Department were \$6,702 and \$1,477 respectively for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

OPEB Liabilities, 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 \$63,145 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.3776%.

For the year ended June 30, 2018, the Town recognized OPEB gain of \$350. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	17,595
Net difference between projected and actual earnings on OPEB plan investments	-	3,023
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,414	-
Town contributions subsequent to the measurement date	8,179	-
Total	\$ 14,593	20,618

\$8,179 is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (2,992)
2020	(2,992)
2021	(2,992)
2022	(2,992)
2023	(2,236)

Actuarial Assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75% - 9.00%
Investment rate of return	6.875%

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Government Securities	9.0%	2.3%
Total	100.0%	

Discount Rate - The rate used to measure the total OPEB liability for the plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. Projections of the plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2052. Therefore, the portion of the future projected benefit payments after 2052 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net OPEB liability calculated using the discount rate of 5.41%, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.41%) or 1 percentage-point higher (6.41%) than the current rate:

	1% Decrease (4.41%)	Discount Rate (5.41%)	1% Increase (6.41%)
Net OPEB liability	\$ 84,744	63,145	46,093

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

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

General Information about the OPEB Plan – Health Insurance

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Board of Selectmen has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - MMEHT provides healthcare and life insurance benefits for retirees and their dependents. Town employees with 10 years of continuous service are allowed to participate in the plan. The Town will pay 25% of the cost of a single adult coverage premium for up to seven years until the employee is eligible for Medicare.

Employees Covered by Benefit Terms - At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Town:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employee entitled to but not yet receiving benefits	-
Active employees	11
Total	16

Total OPEB Liability

The Town's total Health Plan OPEB liability of \$1,075,930 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – Town Health Plan - The total OPEB liability in the January 1, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per annum
Salary increases	2.75% per annum
Discount rate	3.44% per annum
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
Retirees' share of the benefit related costs	100% of projected health insurance premiums

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher tax-exempt, high quality 20-year municipal bonds.

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Changes in the Total Health Plan OPEB Liability - Town

		<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$	644,405
Changes for the year:		
Service Cost		11,510
Interest		24,293
Differences between expected and actual experience		267,680
Changes in assumptions or other inputs		154,764
Benefit payments		<u>(26,722)</u>
Net changes		<u>431,525</u>
Balance at June 30, 2018	\$	<u>1,075,930</u>

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and also a change in valuation method from Projected Unit Credit funding to the Entry Age Normal funding method.

Sensitivity of the Town's Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 3.44%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

		1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$	<u>1,225,231</u>	<u>1,075,930</u>	<u>952,956</u>

Sensitivity of the Town's Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 8.27%, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (7.27%) or 1 percentage-point higher (9.27%) than the current healthcare cost trend rates:

		1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$	<u>975,096</u>	<u>1,075,930</u>	<u>1,198,025</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, The Town recognized OPEB expense of \$147,025 related to the Health Plan. At June 30, 2018, The Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 178,453	-
Changes of assumption or other inputs	103,176	-
Town contributions subsequent to the measurement date	2,871	-
Total	\$ 284,500	-

\$2,871 is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ 140,815
2020	140,814

General Information about the OPEB Plan – Health Insurance

Plan Descriptions - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The Town Board of Selectmen has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - MEABT provides postemployment benefits for health care for eligible retirees and their spouses. Teachers hired prior to September 1, 1998 who have 25 years in the East Millinocket School System or 30 years or more teaching experience with 20 of those years in the East Millinocket School System may receive reimbursement up to an annual total of \$2,200 for a single adult coverage of an eligible plan. Additionally, under other bargaining agreements the Town may pay between 35.5% and 100% of the premium for retired employees and 0.0% to 100% for spouses.

Employees Covered by Benefit Terms – At June 30, 2018, the following school employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employee entitled to but not yet receiving benefits	-
Active employees	9
Total	42

Total OPEB Liability

The School Department's total Health Plan OPEB liability of \$1,236,789 was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per year
Salary increases	Not applicable
Discount rate	3.87%
Healthcare cost trend rates	6.00% for 2018, decreasing to a rate of 4.50% for 2021 and beyond
Retirees' share of the benefit related costs	Retirees pay from 0% to 32% of benefit costs

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher tax-exempt, high quality 20-year municipal bonds.

Mortality rates were based on the SOA RP-2014 adjusted to 2006 White Collar Mortality with scale MP-2017.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the fiscal year ending June 30, 2017.

Changes in the Total Health Plan OPEB Liability - School

	Total OPEB Liability
Balance at June 30, 2017	\$ 1,353,942
Changes for the year:	
Service Cost	3,289
Interest	46,791
Changes of benefit terms	-
Differences between expected and actual experience	(12,042)
Changes in assumptions or other inputs	(62,009)
Benefit payments	(93,182)
Net changes	<u>(117,153)</u>
Balance at June 30, 2018	\$ <u>1,236,789</u>

Change in assumptions reflects a change in the discount rate from 3.58% to 3.87%.

Sensitivity of the School department's Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the School's total OPEB liability related to the Health Plan calculated using the discount rate of 3.87%, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87%) or 1 percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 1,368,507	1,236,789	1,124,658

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Sensitivity of the School Department’s Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the School’s total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates schedule described above, as well as what the School’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		Healthcare Cost Trend Rates		
	<u>1% Decrease</u>		<u>1% Increase</u>	
Total OPEB liability	\$ 1,169,845	1,236,789	1,302,908	

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, The School Department recognized OPEB gain of \$225,751 related to the Health Plan. At June 30, 2018, The School Department reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	1,095
Changes of assumption or other inputs		-	5,637
School contributions subsequent to the measurement date		115,330	-
Total	\$	<u>115,330</u>	<u>6,732</u>

\$115,330 is reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (6,732)

TOWN OF EAST MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2018:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 9,607,594	9,179,204
Accumulated depreciation	(4,944,012)	(4,528,399)
Bonds payable	(139,323)	(304,559)
Bond anticipation note	-	(760,244)
Capital leases payable	(67,328)	-
<u>Total net investment in capital assets</u>	<u>\$ 4,456,931</u>	<u>3,586,002</u>

NEW PRONOUNCEMENT AND RESTATEMENTS OF NET POSITION

For the fiscal year ended June 30, 2018, the Town has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, an amendment of GASB Statement No. 45. As a result of implementing GASB Statement No. 75, the Town has restated beginning net position in the government-wide statement of net position to account for the addition of the Town's proportionate share of the net OPEB liabilities and total OPEB liabilities, which effectively decreased the net position as of July 1, 2017 by \$1,705,000.

TOWN OF EAST MILLINOCKET, MAINE
Required Supplementary Information

Schedule of Town's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and
State Employee and Teacher Plan (SET)
 Last 10 Fiscal Years*

	<u>2018**</u>	<u>2017**</u>	2016**
<u>PLD Plan</u>			
Town's proportion of the net pension liability	0.2092%	0.2055%	0.2132%
Town's proportionate share of the net pension liability	\$ 856,731	1,091,757	680,118
Town's covered payroll	1,134,436	1,098,769	1,130,641
Town's proportion share of the net pension Liability as a percentage of its covered payroll	75.52%	99.36%	60.15%
Plan fiduciary net position as a percentage of of the total pension liability	86.43%	81.61%	88.27%
<u>SET Plan</u>			
Town's proportion of the net pension liability	0.0083%	0.0084%	0.0079%
Town's proportionate share of the net pension liability	\$ 120,212	148,665	106,646
State's proportionate share of the net pension liability associated with the Town	1,568,847	1,881,993	1,620,807
<u>Total</u>	<u>\$ 1,689,059</u>	<u>2,030,658</u>	<u>1,727,453</u>
Town's covered payroll	\$ 1,302,145	1,250,476	1,362,182
Town's proportion share of the net pension liability as a percentage of its covered payroll	9.23%	11.89%	7.83%
Plan fiduciary net position as a percentage of of the total pension liability	80.78%	76.21%	81.18%

* Only three years of information available

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

TOWN OF EAST MILLINOCKET, MAINE
Required Supplementary Information, Continued

Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD) and
State Employee and Teacher Plan (SET)
 Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan</u>				
Contractually required contribution	\$ 110,391	134,152	109,171	89,965
Contributions in relation to the contractually required contribution	(110,391)	(134,152)	(109,171)	(89,965)
Contribution deficiency (excess)	-	-	-	-
<hr/>				
Town's covered payroll	\$ 1,141,578	1,134,436	1,098,769	1,130,641
Contributions as a percentage of covered payroll	9.67%	11.83%	9.94%	7.96%
<u>SET Plan</u>				
Contractually required contribution	\$ 49,755	43,752	42,002	36,098
Contributions in relation to the contractually required contribution	(49,755)	(43,752)	(42,002)	(36,098)
Contribution deficiency (excess)	-	-	-	-
<hr/>				
Town's covered payroll	\$ 1,253,266	1,302,145	1,250,476	1,362,182
Contributions as a percentage of covered payroll	3.97%	3.36%	3.36%	2.65%

* Only four years of information available

Note: Contributions as a percentage of covered payroll for the PLD Plan are in excess of required contribution rates due to IUUAL "catch up" contributions made by the Town and School Department related to changes in the actuarial liability for unfunded pension in which it was determined the Town and School Department had under contributed to the pension over time. Once caught up, the Town and School Department's contributions will match the required contribution rates.

TOWN OF EAST MILLINOCKET, MAINE
Required Supplementary Information, Continued

Schedule of Changes in the Town's Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

		<u>2018</u>
Total OPEB Liability		
Service Cost	\$	11,510
Interest		24,293
Differences between expected and actual experience		267,680
Changes of assumptions or other inputs		154,764
Benefit payments		<u>(26,722)</u>
Net change in total OPEB Liability		431,525
Total OPEB liability - beginning		<u>644,405</u>
Total OPEB liability - ending	\$	<u><u>1,075,930</u></u>
Covered-employee payroll	\$	491,545
Total OPEB liability as a percentage of covered-employee payroll		218.89%

Schedule of Changes in the School Department's Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

		<u>2018</u>
Total OPEB Liability		
Service Cost	\$	3,289
Interest		46,791
Differences between expected and actual experience		(12,042)
Changes of assumptions or other inputs		(62,009)
Benefit payments		<u>(93,182)</u>
Net change in total OPEB Liability		(117,153)
Total OPEB liability - beginning		<u>1,353,942</u>
Total OPEB liability - ending	\$	<u><u>1,236,789</u></u>
Covered-employee payroll	\$	1,567,290
Total OPEB liability as a percentage of covered-employee payroll		78.91%

* Only one year of information available.

TOWN OF EAST MILLINOCKET, MAINE
Required Supplementary Information, Continued

Schedule of School Department's Proportionate Share of the Net OPEB Liability – Group Term Life Insurance (SET)

Last 10 Fiscal Years*

		2018
School's proportion of the net OPEB liability		0.00%
School's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School Department		43,271
Total		43,271
Plan fiduciary net position as a percentage of the total OPEB liability		47.29%

Schedule of the Town and School Department's Proportionate Share of the Net OPEB Liability – Group Term Life Insurance (PLD)

Last 10 Fiscal Years*

		2018
Town's proportion of the net OPEB liability		0.3776%
Town's proportionate share of the net OPEB liability	\$	63,145
Town's covered-employee payroll	\$	938,794
Town's proportionate share of net OPEB liability as a percentage of its covered-employee payroll		6.73%
Plan fiduciary net position as a percentage of the total OPEB liability		47.42%

* Only one year of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

TOWN OF EAST MILLINOCKET, MAINE
Required Supplementary Information, Continued

Schedule of Town's Contributions Net OPEB Liability – Group Term Life Insurance (PLD)
Last 10 Fiscal Years*

	<u>2018</u>
Contractually required contribution	\$ 8,179
Contributions in relation to the contractually required contribution	<u>8,179</u>
Contribution deficiency (excess)	<u><u>-</u></u>
Town's covered-employee payroll	\$ 957,133
Contributions as a percentage of covered-employee payroll	0.85%

* Only one year of information available.

TOWN OF EAST MILLINOCKET, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate – PLD	6.875%	7.125%	7.250%
Discount rate – SET	6.875%	7.125%	7.125%
Inflation rate	2.75%	3.50%	3.50%
Salary increases – PLD	2.75-9.00%	3.50-9.50%	3.50-9.50%
Salary increases – SET	2.75-14.50%	3.50-13.50%	3.50-13.50%
Cost of living increases – PLD	2.20%	2.55%	3.12%
Cost of living increases – SET	2.20%	2.55%	2.55%

Mortality rates:

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

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

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

Net OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - None related to the Group Term Life Insurance plan. Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	Town Discount Rate	School Discount Rate
2018	3.44%	3.87%
2017	3.78%	3.58%

Additionally, for the Town only, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

GENERAL FUND

TOWN OF EAST MILLINOCKET, MAINE
Comparative Balance Sheets - General Fund
June 30, 2018

(with comparative actual amounts for the year ended June 30, 2017)

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 2,429,513	2,523,895
Investments	332,801	316,121
Receivables:		
Accounts	140,097	136,974
Taxes receivable - current year	192,115	159,038
Taxes receivable - prior years	26,850	23,900
Tax liens	47,789	59,923
Loan receivable	62,000	-
Interfund loans receivable	1,105,760	686,047
Total assets	\$ 4,336,925	3,905,898
LIABILITIES		
Accounts payable and other current liabilities	25,740	37,947
Taxes paid in advance	7,171	7,056
Accrued wages and benefits	115,103	39,914
Accrued summer salaries	170,766	202,120
Total liabilities	318,780	287,037
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	252,623	208,684
Total deferred inflows of resources	252,623	208,684
FUND BALANCE		
Nonspendable	62,000	-
Restricted	570,487	577,488
Assigned	87,512	23,024
Unassigned	3,045,523	2,809,665
Total fund balance	3,765,522	3,410,177
Total liabilities, deferred inflows of resources, and fund balance	\$ 4,336,925	3,905,898

TOWN OF EAST MILLINOCKET, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - Budgetary Basis
For the year ended June 30, 2018
(with comparative actual amounts for the year ended June 30, 2017)

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 2,366,911	2,318,706	(48,205)	2,505,110
Excise taxes	230,000	281,043	51,043	278,182
Interest and lien costs	-	17,770	17,770	29,945
Total taxes	2,596,911	2,617,519	20,608	2,813,237
Licenses and permits	6,400	15,923	9,523	15,409
Intergovernmental:				
Tree growth reimbursement	13,275	13,279	4	10,321
Veterans exemption reimbursement	4,300	5,650	1,350	4,510
State revenue sharing	140,000	210,628	70,628	172,721
General assistance	6,545	1,588	(4,957)	3,316
Homestead exemption reimbursement	169,896	169,896	-	117,157
BETE reimbursement	9,560	7,842	(1,718)	1,053
Local road assistance	14,136	14,364	228	14,136
Education subsidy	1,384,906	1,384,906	-	1,529,996
Total intergovernmental	1,742,618	1,808,153	65,535	1,853,210
Tuition and other charges for services - education	880,314	972,676	92,362	965,458
Charges for services:				
Police	122,000	122,000	-	120,000
Municipal review committee	11,000	9,360	(1,640)	9,959
Recreation	55,383	54,515	(868)	54,869
Total charges for services	188,383	185,875	(2,508)	184,828
Unclassified:				
KARE receipts (fiscal agent)	-	25,000	25,000	-
Other revenues	30,875	45,181	14,306	48,006
Unclassified - School	30,105	28,196	(1,909)	-
Total unclassified	60,980	98,377	37,397	48,006
Investment earnings	-	11,043	11,043	5,064
Total revenues	5,475,606	5,709,566	233,960	5,885,212

TOWN OF EAST MILLINOCKET, MAINE
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - Budgetary Basis - General Fund, Continued

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Selectmen's office	\$ 214,975	199,481	15,494	202,890
Insurance and benefits	266,000	212,744	53,256	236,897
Assessing/Code enforcement	6,000	3,500	2,500	4,300
Planning and appeals board	17,738	17,738	-	5,488
Total general government	504,713	433,463	71,250	449,575
Public safety:				
Fire department	67,872	47,799	20,073	59,764
Police	335,440	339,294	(3,854)	321,093
Protective services	256,791	207,883	48,908	265,682
Total public safety	660,103	594,976	65,127	646,539
Roads:				
Public works	276,838	274,846	1,992	251,071
Hot top	60,000	38,035	21,965	59,873
Total roads	336,838	312,881	23,957	310,944
Health, social service, and recreation:				
Solid waste	140,466	139,996	470	130,616
Town celebration	13,550	6,031	7,519	7,098
General assistance	9,550	2,818	6,732	5,522
Recreation	138,401	133,478	4,923	149,718
Industrial park	10,125	7,688	2,437	8,897
Total health, social service, and recreation	312,092	290,011	22,081	301,851
Library				
Library	-	-	-	1,111
Total library	-	-	-	1,111
Education				
Education	3,893,348	3,659,489	233,859	3,712,112
Total education	3,893,348	3,659,489	233,859	3,712,112
Special projects:				
DARE	-	-	-	457
Veteran's Memorial	-	-	-	2,000
Total special projects	-	-	-	2,457

TOWN OF EAST MILLINOCKET, MAINE
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - Budgetary Basis - General Fund, Continued

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Cemetery	\$ 14,175	14,763	(588)	14,909
Total cemetery	14,175	14,763	(588)	14,909
County tax	88,437	88,437	-	97,400
Total county tax	88,437	88,437	-	97,400
Capital projects:				
Economic development	-	-	-	250
Admin copier	-	-	-	204
Cemetery mower	27,000	17,335	9,665	-
Christmas lights and receptacles	-	180	(180)	(94)
Town building improvements	4,565	2,693	1,872	(95)
Public safety building repairs	13,900	2,602	11,298	-
Total capital projects	45,465	22,810	22,655	265
Debt service:				
Education	46,441	46,441	-	51,481
Total debt service	46,441	46,441	-	51,481
Total expenditures	5,901,612	5,463,271	438,341	5,588,644
Excess (deficiency) of revenues over (under) expenditures	(426,006)	246,295	672,301	296,568
Other financing sources (uses):				
Overlay	(38,978)	-	38,978	-
Budgeted use of surplus - school	311,313	-	(311,313)	-
Budgeted use of surplus - town	49,500	-	(49,500)	-
Use of assigned fund balance - town	14,554	-	(14,554)	-
Transfers in	89,617	130,088	40,471	250,631
Transfers out	-	(21,038)	(21,038)	(25,000)
Total other financing sources (uses)	426,006	109,050	(316,956)	225,631
Net change in fund balance	-	355,345	355,345	522,199
Fund balance, beginning of year		3,410,177		2,887,978
Fund balance, end of year	\$	3,765,522		3,410,177

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF EAST MILLINOCKET, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2018

	Education Funds	Town Grants	School Lunch Program	Ministerial Fund	Total Nonmajor Governmental Funds
ASSETS					
Investments	\$ -	-	-	62,923	62,923
Intergovernmental receivables	38,827	-	8,902	-	47,729
Inventory	-	-	8,101	-	8,101
Interfund loans receivable	184,054	111,144	32,886	-	328,084
Total assets	\$ 222,881	111,144	49,889	62,923	446,837
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued wages and benefits	-	-	420	-	420
Interfund loans payable	38,827	-	-	-	38,827
Total liabilities	38,827	-	420	-	39,247
Fund balances:					
Nonspendable	-	-	8,101	-	8,101
Restricted	184,054	111,144	41,368	62,923	399,489
Total fund balance	184,054	111,144	49,469	62,923	407,590
Total liabilities and fund balances	\$ 222,881	111,144	49,889	62,923	446,837

TOWN OF EAST MILLINOCKET, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2018

	Education Funds	Town Grants	School Lunch Program	Ministerial Fund	Total Other Governmental Funds
Revenues:					
Property tax revenue	\$ 2,064	-	-	-	2,064
Intergovernmental	201,071	-	116,827	-	317,898
Charges for services	-	-	29,745	-	29,745
Other	224,853	122,000	-	-	346,853
Investment earnings	-	-	-	857	857
Total revenues	427,988	122,000	146,572	857	697,417
Expenditures:					
Current:					
General government	-	479	-	-	479
Health, social services and recreation	500	64,944	-	-	65,444
Education	275,380	-	-	46,441	321,821
School lunch program	-	-	157,697	-	157,697
Capital outlay	110,655	-	-	-	110,655
Total expenditures	386,535	65,423	157,697	46,441	656,096
Excess (deficiency) of revenues over (under) expenditures	41,453	56,577	(11,125)	(45,584)	41,321
Other financing sources (uses):					
Transfers from other funds	40,921	-	-	-	40,921
Transfers to other funds	(20,921)	-	-	-	(20,921)
Total other financing sources	20,000	-	-	-	20,000
Net change in fund balances	61,453	56,577	(11,125)	(45,584)	61,321
Fund balances, beginning of year	122,601	54,567	60,594	108,507	346,269
Fund balances, end of year	\$ 184,054	111,144	49,469	62,923	407,590

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

TOWN OF EAST MILLINOCKET, MAINE
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 Education Funds
 June 30, 2018
 (with comparative totals for June 30, 2017)

	Title IA	High School	Local	Preschool	REAP	Title IIA	Title IV	PEPG	E-Rate	Adult	Galen Cole	Bridge	Maine	Mackenzie	Wellness	Insurance	School	Total		
		Diploma	Entitlement		Grant			Grant	Funds	Education	Foundation		Community	Grants	Grant	Proceeds	Capital	2018	2017	
ASSETS																				
Intergovernmental receivables	\$ 23,303	-	10,287	-	5,178	59	-	-	-	-	-	-	-	-	-	-	-	-	38,827	38,305
Interfund loans receivable	-	2,349	-	-	-	-	-	3,041	4,282	2,970	393	6,612	5,662	67,890	-	30,855	60,000	184,054	126,446	
Total assets	\$ 23,303	2,349	10,287	-	5,178	59	-	3,041	4,282	2,970	393	6,612	5,662	67,890	-	30,855	60,000	222,881	164,751	
LIABILITIES AND FUND BALANCES																				
Liabilities:																				
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,250
Accrued wages and benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,595
Interfund loans payable	23,303	-	10,287	-	5,178	59	-	-	-	-	-	-	-	-	-	-	-	-	38,827	38,305
Total liabilities	23,303	-	10,287	-	5,178	59	-	-	-	-	-	-	-	-	-	-	-	-	38,827	42,150
Fund balances:																				
Restricted	-	2,349	-	-	-	-	-	3,041	4,282	2,970	393	6,612	5,662	67,890	-	30,855	60,000	184,054	122,601	
Total fund balances	-	2,349	-	-	-	-	-	3,041	4,282	2,970	393	6,612	5,662	67,890	-	30,855	60,000	184,054	122,601	
Total liabilities and fund balances	\$ 23,303	2,349	10,287	-	5,178	59	-	3,041	4,282	2,970	393	6,612	5,662	67,890	-	30,855	60,000	222,881	164,751	

TOWN OF EAST MILLINOCKET, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Education Funds
For the year ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	Title IA	High School	Local	Preschool	REAP	Title IIA	Title IV	PEPG	E-Rate	Adult	Galen Cole	Bridge	Maine	Mackenzie	Wellness	Insurance	School	Total		
		Diploma	Entitlement		Grant			Grant	Funds	Foundation	Community		Grants	Grant	Proceeds	Capital Reserve	2018	2017		
Revenues:																				
Property tax revenue	\$ -	-	-	-	-	-	-	-	-	2,064	-	-	-	-	-	-	-	-	2,064	-
Intergovernmental	102,910	-	54,835	487	13,948	20,135	8,256	-	-	-	-	-	-	-	500	-	-	201,071	221,971	
Other	-	-	-	-	-	-	-	-	-	-	-	3,700	4,600	185,698	-	30,855	-	224,853	191,227	
Total revenues	102,910	-	54,835	487	13,948	20,135	8,256	-	-	2,064	-	3,700	4,600	185,698	500	30,855	-	427,988	413,198	
Expenditures:																				
Current:																				
Health, social services and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500	-	-	500	600	
Education	123,831	483	54,835	487	13,948	7,470	-	19	2,008	2,064	-	3,896	1,438	64,901	-	-	-	275,380	326,904	
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	110,655	-	-	-	110,655	24,580	
Total expenditures	123,831	483	54,835	487	13,948	7,470	-	19	2,008	2,064	-	3,896	1,438	175,556	500	-	-	386,535	352,084	
Excess (deficiency) of revenues over (under) expenditures	(20,921)	(483)	-	-	-	12,665	8,256	(19)	(2,008)	-	-	(196)	3,162	10,142	-	30,855	-	41,453	61,114	
Other financing sources (uses):																				
Transfers from other funds	20,921	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000	40,921	28,486	
Transfers to other funds	-	-	-	-	-	(12,665)	(8,256)	-	-	-	-	-	-	-	-	-	-	(20,921)	(8,486)	
Total other financing sources (uses)	20,921	-	-	-	-	(12,665)	(8,256)	-	-	-	-	-	-	-	-	-	20,000	20,000	20,000	
Net change in fund balances	-	(483)	-	-	-	-	-	(19)	(2,008)	-	-	(196)	3,162	10,142	-	30,855	20,000	61,453	81,114	
Fund balances, beginning of year	-	2,832	-	-	-	-	-	3,060	6,290	2,970	393	6,808	2,500	57,748	-	-	40,000	122,601	41,487	
Fund balances, end of year	\$ -	2,349	-	-	-	-	-	3,041	4,282	2,970	393	6,612	5,662	67,890	-	30,855	60,000	184,054	122,601	

TOWN OF EAST MILLINOCKET, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
Town Grants
June 30, 2018
(with comparative totals for June 30, 2017)

	Wellness Grant	Mackenzie Grant	Stephen King Grants	Rudman Grant	Total	
					2018	2017
ASSETS						
Interfund loans receivable	\$ 144	101,502	8,763	735	111,144	54,567
Total assets	\$ 144	101,502	8,763	735	111,144	54,567
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund loans payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund balances:						
Restricted	144	101,502	8,763	735	111,144	54,567
Total fund balances	144	101,502	8,763	735	111,144	54,567
Total liabilities and fund balances	\$ 144	101,502	8,763	735	111,144	54,567

TOWN OF EAST MILLINOCKET, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Town Grants
For the year ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	Wellness Grant	Mackenzie Grant	Stephen King Grants	Rudman Grant	Total	
					2018	2017
Revenues:						
Other	\$ -	122,000	-	-	122,000	83,507
Total revenues	-	122,000	-	-	122,000	83,507
Expenditures:						
Current:						
General government	-	-	-	479	479	197
Health, welfare and recreation	456	22,726	41,762	-	64,944	25,427
Capital outlay	-	-	-	-	-	9,672
Total expenditures	456	22,726	41,762	479	65,423	35,296
Net change in fund balances	(456)	99,274	(41,762)	(479)	56,577	48,211
Fund balances, beginning of year	600	2,228	50,525	1,214	54,567	6,356
Fund balances, end of year	\$ 144	101,502	8,763	735	111,144	54,567

TOWN CAPITAL RESERVE FUNDS

TOWN OF EAST MILLINOCKET, MAINE
 Combining Balance Sheet
 Town Capital Reserve Funds
 June 30, 2018
 (with comparative totals for June 30, 2017)

	Police Equipment	Snowmobile	Salt/Sand Storage	Ambulance Equipment	Fire Equipment	Administration Equipment	Public Works Equipment	School Building	Medway Police	Recreation Contract	Retirement Sick Pay	Retirement Vacation Pay	Totals	
													2018	2017
ASSETS														
Interfund loans receivable	\$ 14,518	73,961	25	37,349	16,475	704	31,854	21,870	3,598	26,018	62,571	64,473	353,416	316,793
Total assets	\$ 14,518	73,961	25	37,349	16,475	704	31,854	21,870	3,598	26,018	62,571	64,473	353,416	316,793
LIABILITIES AND FUND BALANCES														
Liabilities:														
Interfund loans payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances:														
Committed	14,518	73,961	25	37,349	16,475	704	31,854	21,870	3,598	26,018	62,571	64,473	353,416	316,793
Total fund balances	14,518	73,961	25	37,349	16,475	704	31,854	21,870	3,598	26,018	62,571	64,473	353,416	316,793
Total liabilities and fund balances	\$ 14,518	73,961	25	37,349	16,475	704	31,854	21,870	3,598	26,018	62,571	64,473	353,416	316,793

TOWN OF EAST MILLINOCKET, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Town Capital Reserve Funds
For the year ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	Police	Salt/Sand	Ambulance	Fire	Administration	Public Works	School	Medway	Recreation	Retirement	Retirement	Totals		
	Equipment	Snowmobile	Storage	Equipment	Equipment	Equipment	Building	Police	Contract	Sick Pay	Vacation Pay	2018	2017	
Revenues:														
Other revenue	\$ 11,660	-	-	27,929	-	-	10,900	9,596	-	21,528	-	-	81,613	20,877
Investment earnings	147	410	-	963	257	10	329	217	51	95	886	914	4,279	3,908
Total revenues	11,807	410	-	28,892	257	10	11,229	9,813	51	21,623	886	914	85,892	24,785
Expenditures:														
Current:														
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	4,835
Capital outlay	-	-	-	-	8,397	-	-	-	-	1,440	-	-	9,837	21,779
Total expenditures	-	-	-	-	8,397	-	-	-	-	1,440	-	-	9,837	26,614
Excess (deficiency) of revenues over (under) expenditures	11,807	410	-	28,892	(8,140)	10	11,229	9,813	51	20,183	886	914	76,055	(1,829)
Other financing sources (uses):														
Transfers from (to) other funds	-	-	-	(40,470)	-	-	1,038	-	-	-	-	-	(39,432)	(165,176)
Total other financing sources (uses)	-	-	-	(40,470)	-	-	1,038	-	-	-	-	-	(39,432)	(165,176)
Net change in fund balances	11,807	410	-	(11,578)	(8,140)	10	12,267	9,813	51	20,183	886	914	36,623	(167,005)
Fund balances, beginning of year	2,711	73,551	25	48,927	24,615	694	19,587	12,057	3,547	5,835	61,685	63,559	316,793	483,798
Fund balances, end of year	\$ 14,518	73,961	25	37,349	16,475	704	31,854	21,870	3,598	26,018	62,571	64,473	353,416	316,793

SCHEDULES

TOWN OF EAST MILLINOCKET
Schedule of Revenues and Expenditures - Budget and Actual - Budgetary Basis
General Fund - School Department
For the year ended June 30, 2018

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Property tax revenue	\$ 1,334,966	1,333,151	1,333,151	-
Intergovernmental revenue	1,315,091	1,384,906	1,384,906	-
Charges for services	833,873	833,873	926,235	92,362
Ministerial reimbursements	46,441	46,441	46,441	-
Other revenues	30,105	30,105	28,196	(1,909)
Total revenues	3,560,476	3,628,476	3,718,929	90,453
Expenditures:				
Current:				
Regular instruction	1,842,508	1,882,508	1,807,149	75,359
Special education instruction	545,809	545,809	501,819	43,990
Career and technical services	138,264	138,264	138,264	-
Other instruction	128,008	128,008	112,245	15,763
Student and staff support	283,008	283,008	270,129	12,879
System administration	204,958	204,958	190,432	14,526
School administration	250,188	250,188	233,935	16,253
Transportation	35,658	35,658	33,453	2,205
Facilities maintenance	396,947	424,947	372,063	52,884
Debt service	46,441	46,441	46,441	-
Total expenditures	3,871,789	3,939,789	3,705,930	233,859
Excess (deficiency) of revenues over (under) expenditures	(311,313)	(311,313)	12,999	324,312
Other financing sources (uses):				
Transfer out	-	-	(20,000)	-
Use of surplus	311,313	311,313	-	(311,313)
Total other financing sources (uses)	311,313	311,313	(20,000)	(311,313)
Net change in fund balance	-	-	(7,001)	12,999
Fund balance, beginning of year			577,488	
Fund balance, end of year	\$		570,487	

TOWN OF EAST MILLINOCKET
Agency Funds
Schedule of Cash Receipts, Cash Disbursements, and Ending Balances - Student Activity Funds
For the year ended June 30, 2018

		Balances beginning of year	Cash Receipts	Cash Disbursements	Balances end of year
Schenck High School					
Class Funds:					
2017	\$	102	-	102	-
2018		-	11,934	11,811	123
2019		301	102	-	403
Amazon sales		372	-	-	372
Opal Field Trips		700	-	100	600
Close Up Washington		7,112	542	1,739	5,915
Yearbook #1 - savings		1,283	-	-	1,283
Yearbook		3,437	3,671	5,261	1,847
Dramatic Club		1,551	1,563	-	3,114
Student Council		4,038	6,547	6,183	4,402
General		7,839	2,283	1,885	8,237
National Honor Society		8	-	-	8
Biology Account		95	-	-	95
Hot Lunch		-	500	-	500
Hall of Fame		-	169	-	169
Foreign Language		680	-	-	680
Scholarship		3,233	9,400	10,600	2,033
Faculty-Staff Scholarship Fund		299	-	-	299
Playground Fund		7,620	-	-	7,620
Athletic - gate receipts		15,975	10,755	12,000	14,730
Chorus		786	40	720	106
Athletics		6,203	20,459	16,836	9,826
Athletic Activities		2,008	-	-	2,008
English		1,495	-	701	794
Vending Machine		175	174	162	187
Winter Carnival		1,460	440	537	1,363
Art Fund		125	-	-	125
Dress Down		95	-	-	95
Box Tops for Education		1,667	1,439	1,824	1,282
Opal Wellness		1,146	9	234	921
Total	\$	69,805	70,027	70,695	69,137

TOWN OF EAST MILLINOCKET
Private-purpose Trust Funds
Schedule of Cash Receipts, Cash Disbursements, and Ending Balances - Scholarship Funds
For the year ended June 30, 2018

	Balances beginning of year	Donations	Net Investment Earnings/Fees	Total Available	Scholarships	Balances end of year
Mathew Dickinson	\$ 7,041	-	14	7,055	-	7,055
Brandon Pelkey	2,840	-	3	2,843	-	2,843
Lawrence Waltz Memorial	3,985	-	4	3,989	-	3,989
Edna Dunn Cousins	7,157	305	13	7,475	1,500	5,975
Leon Cousins	5,352	-	11	5,363	-	5,363
Dawn Rossignol	2,617	-	2	2,619	500	2,119
Heal Scholarship	2,680	-	3	2,683	-	2,683
Heal/Dentremont	6,362	-	12	6,374	1,000	5,374
E. Dean Parker	8,913	-	55	8,968	-	8,968
Thomas Cahill	3,686	-	4	3,690	-	3,690
East Millinocket Alumni Association	11,974	-	106	12,080	541	11,539
Edward & Eva Madden Scholarship	1,027	-	-	1,027	200	827
Violette Family Scholarship	12,319	-	675	12,994	500	12,494
	\$ 75,953	305	902	77,160	4,241	72,919

TOWN OF EAST MILLINOCKET, MAINE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass- through/ Grantor Number	Total Federal Expenditures	CFDA/ Cluster Totals	Passed Through to Subrecipients
U. S. Department of Education, passed through Maine					
Department of Education:					
Title IA Disadvantaged	84.010	3107	\$ 123,831		-
Special Education Cluster:					
Local Entitlement	84.027	3046	54,835		-
Local Entitlement - Preschool	84.173	6247	487		-
Total Special Education Cluster				55,322	
Title IIA - Supporting Effective Instruction	84.367	3042	7,470		-
Rural Education Achievement Program	84.358	3005	13,948		-
Total U. S. Department of Education			200,571		-
U. S. Department of Agriculture, passed through					
Maine Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555	3024	59,211		-
National School Lunch Program - Breakfast Program	10.553	3014	39,776		-
National School Lunch Program - Donated Commodities	10.555	3024	8,431		-
Total Child Nutrition Cluster				107,418	
Fresh Fruit and Vegetable Program	10.582	3028	6,796		-
Direct Program:					
RUS Grant	10.760	N/A	87,688		-
Total U. S. Department of Agriculture			201,902		-
Totals			\$ 402,473		-