

TOWN OF EAST MILLINOCKET, MAINE

Annual Financial Report

For the Year Ended June 30, 2019

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For the Year Ended June 30, 2019

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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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules related to pension and OPEB liabilities, 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 combining and individual fund financial statements and schedules 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 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 20, 2019, 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.

A handwritten signature in cursive script, reading "Raymond Weston Ouellette".

December 20, 2019
South Portland, Maine

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

The Town of East Millinocket's annual financial report is hereby submitted for fiscal year 2019, which covers the period of July 1, 2018 to June 30, 2019. 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, 2019 and June 20, 2018. 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.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2019	2018 Restated	2019	2018	2019	2018 Restated
Assets:						
Current and other assets	\$ 5,712,651	\$ 5,098,351	1,013,601	797,643	6,726,252	5,895,994
Capital assets	5,047,904	4,663,582	13,120,443	4,650,805	18,168,347	9,314,387
Total assets	10,760,555	9,761,933	14,134,044	5,448,448	24,894,599	15,210,381
Deferred outflows of resources						
related to pensions	284,757	231,171	-	-	284,757	231,171
Deferred outflows of resources related to OPEB						
	291,329	475,301	-	-	291,329	475,301
Total deferred outflows	576,086	706,472	-	-	576,086	706,472
Liabilities:						
Current liabilities	456,421	319,200	5,868,755	880,042	6,325,176	1,199,242
Noncurrent liabilities	4,791,055	5,293,193	536,281	335,783	5,327,336	5,628,976
Total liabilities	5,247,476	5,612,393	6,405,036	1,215,825	11,652,512	6,828,218
Deferred inflows of resources						
related to pensions	181,278	88,977	-	-	181,278	88,977
Deferred inflows of resources related to OPEB						
	75,985	27,350	-	-	75,985	27,350
Total deferred inflows	257,263	116,327	-	-	257,263	116,327
Net position:						
Net investment in capital assets	4,756,622	4,456,931	7,605,804	3,586,002	12,362,426	8,042,933
Restricted	1,237,123	978,077	-	-	1,237,123	978,077
Unrestricted	(161,843)	(695,323)	123,204	646,621	(38,639)	(48,702)
Total net position	\$ 5,831,902	4,739,685	7,729,008	4,232,623	13,560,910	8,972,308

The Town of East Millinocket, Maine's governmental activities assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$5,831,902 and business-type activities assets exceeded its liabilities by \$7,729,008 for total net position of \$13,560,910 at the close of the most recent fiscal year.

A large portion of the Town's net position, \$12,362,426 (92%), 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 the Town's unrestricted net position, which is the amount available to be used to meet the Town's ongoing obligations to its citizens and creditors is now a deficit of (\$38,639).

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 \$8,786,633; however, after considering all program revenues and other revenues, the net amount raised by property taxes was \$2,498,620. Put another way, property taxes financed 28% of the total costs of providing municipal, school, county, wastewater, water works, and ambulance expenses in FY 2019.

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,204,566	1,204,219	2,151,392	2,372,866	3,355,958	3,577,085
Operating grants and contributions	2,057,382	1,927,550	-	47,055	2,057,382	1,974,605
Capital grants and contributions	827,447	420,166	3,806,207	43,519	4,633,654	463,685
General revenues:						
Property taxes	2,498,620	2,364,709	-	-	2,498,620	2,364,709
Motor vehicle excise taxes	265,840	281,043	-	-	265,840	281,043
Interest and lien costs	18,530	17,770	-	-	18,530	17,770
State revenue sharing	243,391	210,628	-	-	243,391	210,628
Homestead and BETE exemptions	222,226	177,738	-	-	222,226	177,738
Other State aid	17,876	18,929	-	-	17,876	18,929
Unrestricted investment earnings	20,434	16,179	14,275	6,313	34,709	22,492
Miscellaneous	79,822	73,377	-	-	79,822	73,377
Loss on disposal of capital assets	(8,160)	-	(44,613)	(48,292)	(52,773)	(48,292)
Transfers	60,640	89,618	(60,640)	(89,618)	-	-
Total revenues	7,508,614	6,801,926	5,866,621	2,331,843	13,375,235	9,133,769
Expenses:						
General government	266,711	637,911	-	-	266,711	637,911
Public safety	665,964	627,047	-	-	665,964	627,047
Roads	469,575	341,576	-	-	469,575	341,576
Health, social services and recreation	470,532	368,467	-	-	470,532	368,467
Library	460	-	-	-	460	-
Education	4,178,177	3,887,848	-	-	4,178,177	3,887,848
Maine State retirement - on-behalf	221,734	175,494	-	-	221,734	175,494
Special projects	2,000	-	-	-	2,000	-
Cemetery	20,776	14,763	-	-	20,776	14,763
County tax	90,914	88,437	-	-	90,914	88,437
Capital maintenance expenses	28,150	225,259	-	-	28,150	225,259
Interest on debt	1,404	-	-	-	1,404	-
Wastewater fund	-	-	342,051	379,724	342,051	379,724
Water Works fund	-	-	267,856	269,888	267,856	269,888
Ambulance fund	-	-	1,760,329	1,623,642	1,760,329	1,623,642
Total expenses	6,416,397	6,366,802	2,370,236	2,273,254	8,786,633	8,640,056
Change in net position	1,092,217	435,124	3,496,385	58,589	4,588,602	493,713
Net position - beginning (restated)	4,739,685	4,304,561	4,232,623	4,174,034	8,972,308	8,478,595
Net position - ending	\$ 5,831,902	4,739,685	7,729,008	4,232,623	13,560,910	8,972,308

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

The Town of East Millinocket's governmental activities net position increased by \$1,092,217 and its business-type activities net position increased by \$3,496,385, which resulted in an overall increase to the primary government's net position from the prior fiscal year of \$4,588,602. However, after restating beginning net position required by implementing GASB 75, beginning net position was reduced by \$1,608,919.

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 \$4,975,904, an increase of \$449,376 in comparison with the prior year. Approximately 66% of this total amount (\$3,244,931) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of the fund balance (\$1,730,973) is not available for new spending because it is either in a nonspendable form (\$62,983), is restricted for education and grants (\$1,228,140), has already been committed for various capital purposes (\$361,042), or has been assigned to specific uses (\$78,808).

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 (\$3,244,931) (Statement 3) represents 44.74% of the total governmental funds expenditures (\$7,253,432) (Statement 4); total governmental fund balance (\$4,975,904) (Statement 3) represents 68.60% 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 2019 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 \$137,685. Expenditures were under budget by \$407,588. After considering other financing sources and uses, the total change in the general fund's fund balance was an increase of \$219,976. Some of the more significant variances between budget and actual that caused the increase, as shown on Statement 6, were as follows:

- Intergovernmental revenues were over budget by \$31,335, primarily due to higher-than-expected State revenue sharing of \$93,391, which was partially offset by less than expected education subsidy of \$68,065.
- Tuition and other charges for education were over budget by \$99,380, primarily due to an increase in the tuition rate, as well as more students attending from Medway than what was budgeted for.
- General government expenditures were under budget by \$33,314, primarily due to savings in insurances and benefits, as well as a budgeted admin reserve that was not used.
- Health, social service, and recreation expenditures were under budget by \$36,386, primarily due to savings in solid waste, Town celebration, and recreation.
- Education expenditures were under budget by \$267,398, primarily due to savings in salaries, 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 2019, the Town of East Millinocket's governmental activities capital assets totaled \$10,201,436. The accumulated depreciation for the Town's governmental activities for 2019 totaled \$5,153,533. This results in a net capital assets total of \$5,047,903, which is comprised of land, buildings and improvements, equipment, furniture and vehicles.

At the end of 2019, the Town of East Millinocket's business-type activities capital assets totaled \$17,821,298. The accumulated depreciation for the Town's business-type activities for 2019 totaled \$4,700,856. This results in a net capital assets total for the Town's business-type activities of \$13,120,442, which is comprised of land, infrastructure, buildings and improvements, equipment, furniture and vehicles.

During 2019, the Town's governmental activities invested \$614,242 in new capital asset additions. This included:

- Street sweeper (\$190,642)
- 2019 Dodge Charger (\$21,370)
- 2018 Dodge Caravan (\$23,642)
- Stairlift (\$18,704) and handicap ramp (\$57,800) both at town hall
- Fencing around the playground (\$122,972)
- Pool renovations (\$169,017)

During 2019, the Town's business-type activities invested \$8,753,627 in new capital asset additions. This was all for the new Wastewater Treatment Plant that is included in construction in progress at year-end.

LONG-TERM DEBT

The State allows municipalities to borrow up to 15% of their total state valuation. Since the value of the Town was \$60,950,000 in FY 2019, the town's debt limit is at \$9,142,500. The Town's current bonded debt is \$600,533, which is well below the debt limit. This debt includes \$92,882 for governmental activities and \$507,651 for business-type activities (Wastewater). The Wastewater debt is repaid through user fees, not property tax revenues.

The Town issued \$925,642 in new bonds and capital leases during FY 2019, but repaid \$651,656 in principal between governmental and business-type activities. Also, the Town did issue a bond anticipation note with an outstanding balance of \$5,241,000 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 continues its work seeking to develop economic opportunities for the Town. The citizens of East Millinocket allowed the appropriation of funds from surplus to evaluate the former Katahdin Paper Mill site. A Phase I environmental study has been completed as well as an independent appraisal of the site which has aided in negotiations for the possible purchase of the property. The creation of East Millinocket Industrials has also helped aid this process. The EMI Board consists of Margaret Daigle, Michael Michaud, Steve Peabody, John Doe, and Steve Fraser.

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

The final chapters of the Katahdin area comprehensive plan have been submitted for review. A complete working draft should be available for review in the next few months with a completed plan expected by June.

The majority of the wastewater treatment plant project has been completed with the new plant up and running as of October 2019. There is approximately \$400,000 in grant money still available for the project. We anticipate going out to bid to identify the costs to demolish the old mill primary clarifier and operations building.

Funds were appropriated to conduct an engineering study to bring Broadband to East Millinocket. As of December 2019 we are awaiting bids for the project expected to be awarded in January 2020.

The last payment on our municipal indebtedness (Schenck High School Renovations) will be made in November of 2020. Management has been working on identifying capital improvement needs with department heads in hopes to start replacing needed equipment and infrastructure. Those findings will be available to help with the upcoming budget processes.

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@zwi.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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,947,785	1,926,744	3,874,529
Cash held in escrow	-	234,012	234,012
Investments	309,746	966,419	1,276,165
Receivables:			
Accounts, net of allowance (\$1,376,108)	290,819	576,171	866,990
Intergovernmental	61,278	-	61,278
Taxes receivable - current year	168,652	-	168,652
Taxes receivable - prior years	25,841	-	25,841
Tax liens	120,308	-	120,308
Loan receivable	54,000	-	54,000
Internal balances	2,725,239	(2,725,239)	-
Inventory	8,983	35,494	44,477
Capital assets, not being depreciated	283,706	9,580,935	9,864,641
Capital assets, net of accumulated depreciation	4,764,198	3,539,508	8,303,706
Total assets	10,760,555	14,134,044	24,894,599
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	284,757	-	284,757
Deferred outflows of resources related to OPEB	291,329	-	291,329
Total deferred outflows of resources	576,086	-	576,086
LIABILITIES			
Accounts payable and other current liabilities	43,723	545,462	589,185
Taxes paid in advance	5,184	-	5,184
Accrued wages and benefits payable	407,514	45,000	452,514
Advance for construction	-	37,293	37,293
Bond anticipation note	-	5,241,000	5,241,000
Noncurrent liabilities:			
Due within one year	116,638	49,726	166,364
Due in more than one year	4,674,417	486,555	5,160,972
Total liabilities	5,247,476	6,405,036	11,652,512
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	181,278	-	181,278
Deferred inflows of resources related to OPEB	75,985	-	75,985
Total deferred inflows of resources	257,263	-	257,263
NET POSITION			
Net investment in capital assets	4,756,622	7,605,804	12,362,426
Restricted for:			
Education	607,759	-	607,759
Grants and programs	629,364	-	629,364
Unrestricted	(161,843)	123,204	(38,639)
Total net position	\$ 5,831,902	7,729,008	13,560,910

See accompanying notes to basic financial statements.

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

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 266,711	18,037	-	-	(248,674)	-	(248,674)
Public safety	665,964	120,000	-	44,198	(501,766)	-	(501,766)
Roads	469,575	-	14,236	20,000	(435,339)	-	(435,339)
Health, social services and recreation	470,532	53,352	6,543	294,654	(115,983)	-	(115,983)
Library	460	-	-	-	(460)	-	(460)
Education	4,178,177	1,013,177	1,814,869	468,595	(881,536)	-	(881,536)
Maine State retirement - on-behalf payments	221,734	-	221,734	-	-	-	-
Cemetery	20,776	-	-	-	(20,776)	-	(20,776)
County tax	90,914	-	-	-	(90,914)	-	(90,914)
Unclassified	2,000	-	-	-	(2,000)	-	(2,000)
Capital maintenance expenses	28,150	-	-	-	(28,150)	-	(28,150)
Interest on debt	1,404	-	-	-	(1,404)	-	(1,404)
Total governmental activities	6,416,397	1,204,566	2,057,382	827,447	(2,327,002)	-	(2,327,002)
Business-type activities:							
Wastewater fund	342,051	372,195	-	3,806,207	-	3,836,351	3,836,351
Water Works fund	267,856	229,123	-	-	-	(38,733)	(38,733)
Ambulance fund	1,760,329	1,550,074	-	-	-	(210,255)	(210,255)
Total business-type activities	2,370,236	2,151,392	-	3,806,207	-	3,587,363	3,587,363
Total primary government	\$ 8,786,633	3,355,958	2,057,382	4,633,654	(2,327,002)	3,587,363	1,260,361
General revenues:							
Property taxes, levied for general purposes					\$ 2,498,620	-	2,498,620
Motor vehicle excise taxes					265,840	-	265,840
Interest and lien costs					18,530	-	18,530
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					243,391	-	243,391
Homestead and BETE reimbursements					222,226	-	222,226
Other State aid					17,876	-	17,876
Unrestricted investment earnings					20,434	14,275	34,709
Miscellaneous revenues					79,822	-	79,822
Loss on disposal of capital assets					(8,160)	(44,613)	(52,773)
Transfers					60,640	(60,640)	-
Total general revenues, loss on disposal, and transfers					3,419,219	(90,978)	3,328,241
Change in net position					1,092,217	3,496,385	4,588,602
Net position - beginning, as restated					4,739,685	4,232,623	8,972,308
Net position - ending					\$ 5,831,902	7,729,008	13,560,910

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Balance Sheet
Governmental Funds
June 30, 2019

	General	Capital Reserve Funds	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,947,785	-	-	1,947,785
Investments	292,672	-	17,074	309,746
Receivables:				
Accounts	290,819	-	-	290,819
Intergovernmental	-	-	61,278	61,278
Taxes receivable - current year	168,652	-	-	168,652
Taxes receivable - prior years	25,841	-	-	25,841
Tax liens	120,308	-	-	120,308
Loan receivable	54,000	-	-	54,000
Inventory	-	-	8,983	8,983
Interfund loans receivable	1,808,158	361,042	599,315	2,768,515
Total assets	\$ 4,708,235	361,042	686,650	5,755,927
LIABILITIES				
Accounts payable	43,700	-	23	43,723
Taxes paid in advance	5,184	-	-	5,184
Accrued wages and benefits	393,527	-	13,987	407,514
Interfund loans payable	-	-	43,276	43,276
Total liabilities	442,411	-	57,286	499,697
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	280,326	-	-	280,326
Total deferred inflows of resources	280,326	-	-	280,326
FUND BALANCES				
Nonspendable	54,000	-	8,983	62,983
Restricted	607,759	-	620,381	1,228,140
Committed	-	361,042	-	361,042
Assigned	78,808	-	-	78,808
Unassigned	3,244,931	-	-	3,244,931
Total fund balances	3,985,498	361,042	629,364	4,975,904
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,708,235	361,042	686,650	
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.				5,047,904
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds.				280,326
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				(70,668)
Other postemployment benefits, including related deferred outflows and inflows				(3,547,262)
Capital leases payable				(198,400)
Net pension liability, including related deferred outflows and inflows				(563,020)
Bonds payable				(92,882)
Net position of governmental activities				\$ 5,831,902

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, 2019

	General	Capital Reserve Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,753,851	-	1,436	2,755,287
Licenses and permits	18,037	-	-	18,037
Intergovernmental	1,979,107	-	338,994	2,318,101
Intergovernmental on-behalf payments	221,734	-	-	221,734
Tuition and other charges for services - education	983,721	-	-	983,721
Charges for services	173,352	-	29,456	202,808
Unclassified	80,862	83,366	744,081	908,309
Investment earnings	13,317	6,525	592	20,434
Total revenues	6,223,981	89,891	1,114,559	7,428,431
Expenditures:				
Current:				
General government	482,507	7,992	290	490,789
Public safety	643,157	-	-	643,157
Roads	432,464	-	-	432,464
Health, social service and recreation	287,310	-	165,520	452,830
Library	460	-	-	460
Education	3,740,203	-	460,511	4,200,714
On-behalf payments - Maine PERS	221,734	-	-	221,734
Cemetery	20,776	-	-	20,776
County tax	90,914	-	-	90,914
Unclassified	2,000	-	-	2,000
Capital outlay	261,373	76,818	270,464	608,655
Debt service	88,939	-	-	88,939
Total expenditures	6,271,837	84,810	896,785	7,253,432
Excess (deficiency) of revenues over (under) expenditures	(47,856)	5,081	217,774	174,999
Other financing sources (uses):				
Proceeds from capital leases	213,737	-	-	213,737
Transfers from other funds	60,640	2,545	30,875	94,060
Transfers to other funds	(6,545)	-	(26,875)	(33,420)
Total other financing sources (uses)	267,832	2,545	4,000	274,377
Net change in fund balances	219,976	7,626	221,774	449,376
Fund balances, beginning of year	3,765,522	353,416	407,590	4,526,528
Fund balances, end of year	\$ 3,985,498	361,042	629,364	4,975,904

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, 2019

Net change in fund balances - total governmental funds (from Statement 4)	\$	449,376
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$614,242) exceeded depreciation expense (\$221,760) and loss on disposal (\$8,160).	384,322
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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.	27,703
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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 decrease in the net pension liability with related deferred inflows and outflows of resources (\$271,729), the decrease in other postemployment benefits and related deferred inflows and outflows of resources (\$50,448), and the increase in accrued compensated absences (\$6,730).	315,447
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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 (\$213,737) exceeded lease repayments (\$82,665).	(131,072)
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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.	46,441
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Change in net position of governmental activities (see Statement 2)	\$	1,092,217
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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, 2019

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,768,406	2,768,406	2,753,851	(14,555)
Licenses and permits	16,670	16,670	18,037	1,367
Intergovernmental	1,947,772	1,947,772	1,979,107	31,335
Tuition and other charges for services - education	884,341	884,341	983,721	99,380
Charges for services	175,753	175,753	173,352	(2,401)
Unclassified	67,620	67,620	80,862	13,242
Investment earnings	4,000	4,000	13,317	9,317
Total revenues	5,864,562	5,864,562	6,002,247	137,685
Expenditures:				
Current:				
General government	509,931	515,821	482,507	33,314
Public safety	668,066	668,066	643,157	24,909
Roads	414,760	439,498	432,464	7,034
Health, social service and recreation	313,862	323,696	287,310	36,386
Library	-	-	460	(460)
Education	4,007,601	4,007,601	3,740,203	267,398
Cemetery	15,655	15,655	20,776	(5,121)
County tax	90,914	90,914	90,914	-
Unclassified	2,000	2,000	2,000	-
Capital outlay	15,000	90,000	47,636	42,364
Debt service	90,703	90,703	88,939	1,764
Total expenditures	6,128,492	6,243,954	5,836,366	407,588
Excess (deficiency) of revenues over (under) expenditures	(263,930)	(379,392)	165,881	545,273
Other financing sources (uses):				
Overlay	(122,124)	(122,124)	-	122,124
Budgeted use of surplus - school	261,110	261,110	-	(261,110)
Budgeted use of surplus - town	65,000	140,000	-	(140,000)
Use of assigned fund balance - town	-	40,462	-	(40,462)
Transfers from other funds	60,444	60,444	60,640	196
Transfers to other funds	(500)	(500)	(6,545)	(6,045)
Total other financing sources	263,930	379,392	54,095	(325,297)
Net change in fund balance	-	-	219,976	219,976
Fund balance, beginning of year			3,765,522	
Fund balance, end of year	\$		3,985,498	

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2019

Business-type Activities - Enterprise Funds				
	Wastewater	Water Works	Ambulance	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,477,677	449,067	-	1,926,744
Cash held in escrow	234,012	-	-	234,012
Investments	122,313	844,106	-	966,419
Accounts receivable, net of allowance (\$1,376,108)	232,736	25,219	318,216	576,171
Inventory	-	35,494	-	35,494
Total current assets	2,066,738	1,353,886	318,216	3,738,840
Noncurrent assets:				
Capital assets	5,397,337	2,088,073	754,953	8,240,363
Capital assets, not being depreciated	9,549,979	30,956	-	9,580,935
Less accumulated depreciation	(3,230,542)	(1,113,887)	(356,426)	(4,700,855)
Total noncurrent assets	11,716,774	1,005,142	398,527	13,120,443
Total assets	13,783,512	2,359,028	716,743	16,859,283
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	527,165	199	18,098	545,462
Accrued wages	4,558	5,206	35,236	45,000
Advance for construction	-	37,293	-	37,293
Bonds payable	49,726	-	-	49,726
Bond anticipation note	5,241,000	-	-	5,241,000
Interfund loans payable	1,251,282	554,757	919,200	2,725,239
Total current liabilities	7,073,731	597,455	972,534	8,643,720
Noncurrent liabilities:				
Accrued compensated absences	6,285	5,528	16,817	28,630
Bonds payable	457,925	-	-	457,925
Total noncurrent liabilities	464,210	5,528	16,817	486,555
Total liabilities	7,537,941	602,983	989,351	9,130,275
NET POSITION				
Net investment in capital assets	6,202,135	1,005,142	398,527	7,605,804
Unrestricted	43,436	750,903	(671,135)	123,204
Total net position	\$ 6,245,571	1,756,045	(272,608)	7,729,008

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, 2019

Business-type Activities - Enterprise Funds				
	Wastewater	Water Works	Ambulance	Total
Operating revenues:				
Charges for services	\$ 372,195	227,611	1,543,067	2,142,873
Other	-	1,512	7,007	8,519
Total operating revenues	372,195	229,123	1,550,074	2,151,392
Operating expenses:				
Personnel costs	93,869	129,757	941,707	1,165,333
Employee benefits	22,568	4,929	142,974	170,471
Purification costs	5,394	1,496	-	6,890
Utilities	23,398	30,880	11,596	65,874
Repairs and maintenance	4,051	2,647	90,621	97,319
General expenses	12,640	34,508	81,444	128,592
Insurance	3,074	7,513	16,110	26,697
Transportation	10,860	4,946	-	15,806
Landfill and waste disposal costs	52,666	-	-	52,666
Capital improvements	-	5,231	-	5,231
Bad debt expense	-	-	390,305	390,305
Depreciation	107,856	45,949	85,572	239,377
Total operating expenses	336,376	267,856	1,760,329	2,364,561
Operating income (loss)	35,819	(38,733)	(210,255)	(213,169)
Nonoperating revenue (expense):				
Intergovernmental	3,787,388	-	-	3,787,388
Sale of equipment and scrap metal (net)	18,819	-	-	18,819
Interest income	3,216	11,059	-	14,275
Interest expense	(5,675)	-	-	(5,675)
Loss on disposal	-	-	(44,613)	(44,613)
Total nonoperating revenue (expense)	3,803,748	11,059	(44,613)	3,770,194
Income (loss) before transfers	3,839,567	(27,674)	(254,868)	3,557,025
Transfers In (out)	-	-	(60,640)	(60,640)
Change in net position	3,839,567	(27,674)	(315,508)	3,496,385
Total net position, beginning of year	2,406,004	1,783,719	42,900	4,232,623
Total net position, end of year	\$ 6,245,571	1,756,045	(272,608)	7,729,008

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2019

Business-type Activities - Enterprise Funds				
	Wastewater	Water Works	Ambulance	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 302,678	231,308	1,110,465	1,644,451
Payments to suppliers	(142,867)	(89,856)	(190,172)	(422,895)
Payments to employees	(112,312)	(131,890)	(1,090,918)	(1,335,120)
Net cash provided by (used in) operating activities	47,499	9,562	(170,625)	(113,564)
Cash flows from noncapital financing activities:				
Transfer to other funds	-	-	(60,640)	(60,640)
Net change in interfunds	553,204	192,337	231,265	976,806
Net cash provided by noncapital financing activities	553,204	192,337	170,625	916,166
Cash flows from capital and related financing activities:				
Capital asset purchases	(8,227,435)	-	-	(8,227,435)
Proceeds from sale of property	18,819	-	-	18,819
Proceeds from bond anticipation note	5,595,579	-	-	5,595,579
Proceeds from bonds	17,930	-	-	17,930
Grant/contribution monies received for capital assets	3,787,388	-	-	3,787,388
Principal payments on bonds	(1,163,673)	-	-	(1,163,673)
Interest payments on bonds	(5,675)	-	-	(5,675)
Net cash provided by (used in) capital and relating financing activities	22,933	-	-	22,933
Cash flows from investing activities:				
Purchase (sale) of investments	(6,481)	(24,829)	-	(31,310)
Investment income	3,216	11,059	-	14,275
Net cash provided by (used in) investing activities	(3,265)	(13,770)	-	(17,035)
Increase in cash and cash equivalents	620,371	188,129	-	808,500
Cash and cash equivalents, beginning of year	857,306	260,938	-	1,118,244
Cash and cash equivalents, end of year	\$ 1,477,677	449,067	-	1,926,744
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 35,819	(38,733)	(210,255)	(213,169)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	107,856	45,949	85,572	239,377
Bad debt expense	-	-	390,305	390,305
(Increase) decrease in assets:				
Accounts receivable	(69,517)	2,185	(439,609)	(506,941)
Inventory	-	(2,307)	-	(2,307)
Increase (decrease) in liabilities:				
Accounts payable	(30,784)	(328)	9,599	(21,513)
Accrued wages and benefits payable	1,441	163	1,674	3,278
Accrued compensated absences	2,684	2,633	(7,911)	(2,594)
Net cash provided by (used in) operating activities	\$ 47,499	9,562	(170,625)	(113,564)

See accompanying notes to basic financial statements.

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

	Private-purpose Trusts	Agency Funds
	Scholarship Funds	School Activity Fund
ASSETS		
Cash and cash equivalents	\$ 57,328	79,257
Investments	12,478	-
Total assets	69,806	79,257
LIABILITIES		
Due to student groups	-	79,257
Total liabilities	-	79,257
NET POSITION		
Held in trust	\$ 69,806	-

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, 2019

		Private-purpose Trusts Scholarship Funds
Additions:		
Contributions	\$	21,177
Interest and dividends		435
Realized and unrealized gain		300
Total additions		21,912
Deductions:		
Scholarships		25,025
Investment fees		-
Total deductions		25,025
Change in net position		(3,113)
Net position, beginning of year		72,919
Net position, end of year	\$	69,806

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 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 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.

O. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined based on actuary reports prepared by the OPEB Plan’s actuary. 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

A. 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 \$221,734. 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.

B. Excess of Expenditures over Appropriations

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

Police	\$ 18,094
Public Works	344
General Assistance	761
Library	460
Cemetery	5,121

C. Deficit Net Position

The Ambulance Fund had a deficit net position of (\$272,608) at June 30, 2019.

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, 2019, the Town reported deposits of \$4,011,114 with a bank balance of \$4,229,165. Of the bank balance at June 30, 2019, \$1,873,629 was exposed to custodial credit risk as it was not covered by F.D.I.C. or by additional insurance.

At June 30, 2019, deposits have been reported as follows:

Reported in governmental funds	\$1,947,785
Reported in proprietary funds	1,926,744
<u>Reported in fiduciary funds</u>	<u>136,585</u>
<u>Total deposits</u>	<u>\$ 4,011,114</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, 2019 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, 2019, 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, 2019, 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, 2019, 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	\$ 44,868	44,868	-	-	-
Certificates of deposit	14,878	-	-	14,878	-
Mutual funds	250,000	250,000	-	-	-
Total governmental	\$ 309,746	294,868	-	14,878	-
Business-type Activities:					
Money market	\$ 147,939	147,939	-	-	-
Governmental securities	643,388	-	249,942	393,446	-
Mutual funds	175,092	175,092	-	-	-
Total business-type	\$ 966,419	323,031	249,942	393,446	-
Fiduciary Funds:					
Money market	\$ 397	397	-	-	-
Mutual funds	12,081	12,081	-	-	-
Total fiduciary	\$ 12,478	12,478	-	-	-

PROPERTY TAX

The Town's property tax was levied January 15, 2019 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, 2018 upon which the current levy was based was \$77,478,500.

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 14, 2019 and one-half on March 21, 2019 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 \$122,124 for the year ended June 30, 2019.

The following summarizes the tax levies:

	<u>2019</u>	<u>2018</u>
Assessed value	\$ 77,478,500	70,769,849
Tax rate (per \$1,000)	32.25	33.50
Commitment	2,498,682	2,370,790
Less:		
Collections and abatements	2,330,030	2,178,675
Receivable at end of period	\$ 168,652	192,115
Collection rate	93.25%	91.90%

CAPITAL ASSETS

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

	Balance June 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 96,266	-	-	96,266
Construction in progress	15,828	171,612	-	187,440
Total capital assets, not being depreciated	112,094	171,612	-	283,706
Capital assets, being depreciated:				
Buildings and improvements	7,188,007	199,476	-	7,387,483
Equipment and furniture	1,179,623	7,500	-	1,187,123
Vehicles	1,127,869	235,654	20,399	1,343,124
Total capital assets being depreciated	9,495,499	442,630	20,399	9,917,730
Less accumulated depreciation for:				
Buildings and improvements	2,806,867	156,405	-	2,963,272
Equipment and furniture	1,069,588	16,737	-	1,086,325
Vehicles	1,067,557	48,618	12,239	1,103,936
Total accumulated depreciation	4,944,012	221,760	12,239	5,153,533
Total capital assets being depreciated, net	4,551,487	220,870	8,160	4,764,197
Governmental activities capital assets, net	\$ 4,663,581	392,482	8,160	5,047,903

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

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,456	-	-	1,456
Organization costs	29,500	-	-	29,500
<u>Construction in progress</u>	<u>796,352</u>	<u>8,753,627</u>	-	<u>9,549,979</u>
Total capital assets, not being depreciated	827,308	8,753,627	-	9,580,935
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>833,838</u>	-	<u>111,533</u>	<u>722,305</u>
Total capital assets being depreciated	8,351,896	-	111,533	8,240,363
Less accumulated depreciation for:				
Infrastructure	3,803,179	131,055	-	3,934,234
Buildings and improvements	104,289	1,561	-	105,850
Equipment and furniture	313,517	19,285	-	332,802
<u>Vehicles</u>	<u>307,414</u>	<u>87,476</u>	<u>66,920</u>	<u>327,970</u>
Total accumulated depreciation	4,528,399	239,377	66,920	4,700,856
<u>Total capital assets being depreciated, net</u>	<u>3,823,497</u>	<u>(239,377)</u>	<u>44,613</u>	<u>3,539,507</u>
<u>Business-type activities capital assets, net</u>	<u>\$ 4,650,805</u>	<u>8,514,250</u>	<u>44,613</u>	<u>13,120,442</u>

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

Governmental activities:	
General government	\$ 14,196
Public safety	21,809
Roads	33,608
Health, social services and recreation	17,111
<u>Education</u>	<u>135,036</u>
<u>Total depreciation expense - governmental activities</u>	<u>\$ 221,760</u>

Business-type activities:	
Wastewater	\$ 107,856
Water Works	45,949
<u>Ambulance</u>	<u>85,572</u>
<u>Total depreciation expense - business-type activities</u>	<u>\$ 239,377</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, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:	Restated				
General obligation bonds	\$ 139,323	-	46,441	92,882	46,441
Capital leases	67,328	213,737	82,665	198,400	70,197
Net pension liability	976,943	-	310,444	666,499	-
Other post-employment benefits	4,045,661	-	283,055	3,762,606	-
Accrued compensated absences	63,938	6,730	-	70,668	-
Governmental activities long-term liabilities	\$ 5,293,193	220,467	722,605	4,791,055	116,638
Business-type activities:					
General obligation bonds	304,559	725,642	522,550	507,651	49,726
Accrued compensated absences	31,224	-	2,594	28,630	-
Business-type activities long-term liabilities	\$ 335,783	725,642	525,144	536,281	49,726

Bonds payable at June 30, 2019 are comprised of the following:

	Date of issue	Original amount issued	Date of maturity	Interest rate	Balance June 30, 2019
Governmental activities:					
2000 GOB	10/26/00	\$ 928,813	11/1/20	0.00%	92,882
Total governmental activities					\$ 92,882
Business-type activities:					
2003 Sewer GOB	11/13/03	\$ 918,000	10/1/23	2.25%	255,709
2018 Sewer (CWSRF) GOB	9/24/18	725,642*	10/1/47	1.00%	251,942
Total business-type activities					\$ 507,651

* \$473,700 of this bond was forgiven at closing.

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

June 30,	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 46,441	-	46,441	49,726	6,676	56,402
2021	46,441	-	46,441	58,484	4,239	62,723
2022	-	-	-	59,269	3,476	62,745
2023	-	-	-	59,791	2,871	62,662
2024	-	-	-	60,280	2,241	62,521
2025-2029	-	-	-	41,624	9,973	51,597
2030-2034	-	-	-	43,747	7,839	51,586
Thereafter	-	-	-	134,730	9,597	144,327
Total	\$ 92,882	-	92,882	507,651	46,912	554,563

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

LONG-TERM DEBT, CONTINUED

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, 2019 was within the statutory limit.

CAPITAL LEASES

The Town and school have entered into lease agreements for the financing and acquisition of copiers, laptops, a van, and a street sweeper. 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.

The following items have been capitalized under capital leases as of June 30, 2019:

Copier	\$ 5,773
2018 Dodge Caravan	23,642
2018 Street Sweeper	190,642

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, 2019:

Fiscal year ending <u>June 30,</u>	<u>Payments</u>
2020	\$ 78,187
2021	46,222
2022	46,222
<u>2023</u>	<u>46,222</u>
Total minimum lease payments	216,853
<u>Less: amount representing interest</u>	<u>(18,453)</u>
<u>Present value minimum lease payments</u>	<u>\$ 198,400</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 \$5,241,000 with an interest rate of 1.02% and is due on September 24, 2020. The 2016 bond anticipation note was paid off during the year. Bond anticipation note activity for the year ended June 30, 2019 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Bond anticipation note	\$ 760,244	354,579	1,114,823	-
Bond anticipation note	-	5,241,000	-	5,241,000

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

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, 2019.

FUND BALANCE

The General Fund unassigned fund balance total of \$3,244,931 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, 2019, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Loan receivable	\$ 54,000	-	-	-
Restricted for education	-	607,759	-	-
Assigned for:				
Admin computer	-	-	-	932
Library – books and gifts	-	-	-	3,551
Hot top	-	-	-	6,977
Town celebration	-	-	-	8,836
Town buildings improvements	-	-	-	1,842
DARE	-	-	-	2,200
Public safety building repair	-	-	-	5,400
Economic development	-	-	-	30,838
Children's Christmas party	-	-	-	500
Festival of trees	-	-	-	200
Industrial park	-	-	-	4,586
Admin insurance reimbursement	-	-	-	2,537
Christmas lights & receptacles	-	-	-	409
Admin municipal building	-	-	-	10,000
Total general fund	54,000	607,759	-	78,808
Capital Reserve Funds	-	-	361,042	-
Other Governmental Funds:				
Education grants	-	556,975	-	-
Town grants	-	27,618	-	-
School lunch program - inventory	8,983	-	-	-
School lunch program	-	18,714	-	-
Ministerial fund	-	17,074	-	-
Total other governmental	8,983	620,381	-	-
Grand totals	\$ 62,983	1,228,140	361,042	78,808

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, 2019 arising from these transactions were as follows:

	<u>Receivables</u>	<u>Payables</u>	<u>Net transfers in (out)</u>
General fund	\$ 1,808,158	-	54,095
Capital reserve funds	361,042	-	2,545
Proprietary funds:			
Wastewater fund	-	1,251,282	-
Water Works fund	-	554,757	-
Ambulance fund	-	919,200	(60,640)
Nonmajor special revenue funds:			
Education grants	556,975	43,276	4,000
Town grants	27,618	-	-
School lunch program	14,722	-	-
Totals	\$ 2,768,515	2,768,515	-

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, 2019 was 10.0% annual payroll for the Regular AC Plan and 10.5% for the Special 2C (Police) Plan. Contributions to the pension plan from the Town were \$120,984 for the year ended June 30, 2019.

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, 2019, 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 \$58,982 for the year ended June 30, 2019.

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, 2018, 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, 2019, the Town reported a liability of \$544,752 for its proportionate share of the net pension liability. At June 30, 2018, the Town's proportion of the PLD Plan was .1990%.

SET Plan - At June 30, 2019, 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	\$ 121,747
State's proportionate share of the net pension liability associated with the Town	1,495,481
Total	\$ 1,617,228

At June 30, 2018, the Town's proportion of the SET Plan was .0090%.

For the year ended June 30, 2019, the Town recognized pension gain of \$143,484 for the PLD Plan and pension expense of \$216,336 for the SET Plan with revenue of \$164,615 for support provided by the State. At June 30, 2019, 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>PLD Plan</u>		<u>SET Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	4,277	3,719	-
Changes of assumptions	86,946	-	7,658	-
Net difference between projected and actual earnings on pension plan investments	-	131,536	-	15,828
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	29,637	6,468	-
Town contributions subsequent to the measurement date	120,984	-	58,982	-
Total	\$ 207,930	165,450	76,827	15,828

An amount of \$179,966 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>PLD Plan</u>	<u>SET Plan</u>
2020	\$ 55,623	12,648
2021	(10,648)	4,890
2022	(89,483)	(11,267)
2023	(33,996)	(4,254)

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

	<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	6.75%	6.75%
Cost of living benefit increases, per annum	1.91%	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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 6.75% 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 6.75% 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 (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town's proportionate share of the net pension liability	\$ 1,283,908	544,752	(146,156)
 <u>SET Plan</u>	 1% Decrease <u>(5.75%)</u>	 Current Discount Rate <u>(6.75%)</u>	 1% Increase <u>(7.75%)</u>
Town's proportionate share of the net pension liability	\$ 224,988	121,747	35,763

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

Payables to the pension plan - None as of June 30, 2019.

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.maineopers.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 \$4,079 for the year ended June 30, 2019. 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, 2019, 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 \$44,702 as of June 30, 2019. The net OPEB liability was measured as of June 30, 2018, 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, 2018, the School Department's proportion was 0.00%.

For the year ended June 30, 2019, the School Department recognized OPEB expense of \$4,079 and also revenues of \$4,079 for support provided by the State. At June 30, 2019, 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, 2018 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	6.75%

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, 2018 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

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	15.0%	3.0%
US Government Securities	10.0%	2.3%
Total	100.0%	

Discount Rate - The rate used to measure the total OPEB liability for the plan was 6.75%. 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.maineopers.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 \$6,217 and \$1,542 respectively for the year ended June 30, 2019. 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, 2019, the Town reported a liability of \$6,670 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2018, the Town's proportion was 0.3913%.

For the year ended June 30, 2019, the Town recognized OPEB gain of \$48,953. At June 30, 2019, 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	\$ -	9,517
Net difference between projected and actual earnings on OPEB plan investments	-	4,148
Changes in proportion and differences between Town contributions and proportionate share of contributions	7,652	-
Difference between expected and actual experience	6,670	-
Town contributions subsequent to the measurement date	7,759	-
Total	\$ 22,081	13,665

\$7,759 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:

2020	\$ (744)
2021	(744)
2022	(744)
2023	39
2024	2,850

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 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	6.75%

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.

The actuarial assumptions used in the June 30, 2018 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. 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	15.0%	3.0%
US Government Securities	10.0%	2.3%
Total	100.0%	

Discount Rate - The rate used to measure the total OPEB liability for the plan was 5.13% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.87%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2018. 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 2047. Therefore, the portion of the future projected benefit payments after 2047 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 5.13%, 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 (4.13%) or 1 percentage-point higher (6.13%) than the current rate:

	1% Decrease (4.13%)	Discount Rate (5.13%)	1% Increase (6.13%)
Net OPEB liability	\$ 104,423	6,670	59,026

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 - Town

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, 2019, 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 \$997,398 was measured as of January 1, 2019, and was determined by an actuarial valuation as of January 1, 2019.

Actuarial Assumptions – Town Health Plan - The total OPEB liability in the January 1, 2019 measurement 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	4.10% per annum
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
Retirees' share of the benefit related costs	75% 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

		Total OPEB Liability
Balance at June 30, 2018	\$	1,075,930
Changes for the year:		
Service cost		14,976
Interest		36,717
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		(82,709)
Benefit payments		(47,516)
Net changes		<u>(78,532)</u>
Balance at June 30, 2019	\$	<u>997,398</u>

Change in assumptions reflects a change in the discount rate from 3.44% to 4.10%.

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 4.10%, 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 (3.10%) or 1 percentage-point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 1,126,974	997,398	889,975

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, 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 or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 902,452	997,398	1,111,763

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

For the year ended June 30, 2019, The Town recognized OPEB gain of \$164,207 related to the Health Plan. At June 30, 2019, 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	\$ 89,226	-
Changes of assumption or other inputs	-	3,551
Town contributions subsequent to the measurement date	4,479	-
Total	\$ 93,705	3,551

\$4,479 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, 2020. 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:	
2020	\$ 113,244
2021	(27,569)

General Information about the OPEB Plan – Health Insurance - School Department

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. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected less any employer contributed amounts. Spouses must contribute 100% of the blended premium amounts less any employer contributed amounts.

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

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Employees Covered by Benefit Terms – At June 30, 2019, the following school employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employee entitled to but not yet receiving benefits	-
Active employees	23
Total	73

Total OPEB Liability

The School Department’s total Health Plan OPEB liability of \$2,758,538 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not reported
Salary increases	2.75% - 14.50% per year
Discount rate	3.87%
Healthcare cost trend rates - Pre-Medicare	5.55% for 2018 grading over 15 years to 3.73%
Healthcare cost trend rates - Medicare	3.72% for 2018 grading over 15 years to 2.81%
Retirees’ share of the benefit related costs	55% of the blended premium rate less any employer contributed amounts.

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 RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study covering the period from 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 - School

		Total OPEB Liability
Balance at June 30, 2018	\$	2,906,586
Changes for the year:		
Service cost		8,238
Interest		101,344
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		(88,154)
Benefit payments		<u>(169,476)</u>
Net changes		<u>(148,048)</u>
Balance at June 30, 2019	\$	<u>2,758,538</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	\$ 3,082,932	2,758,538	2,486,565

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	
		1% Decrease	1% Increase
Total OPEB liability	\$	<u>2,568,414</u>	<u>2,985,687</u>
		2,758,538	

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

For the year ended June 30, 2019, The School Department recognized OPEB gain of \$95,346 related to the Health Plan. At June 30, 2019, The School Department 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
Changes of assumption or other inputs		
School contributions subsequent to the measurement date	\$ -	58,769
Total	175,543	-
	\$ 175,543	58,769

\$175,543 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:	
2020	\$ (29,385)
2021	(29,384)

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, 2019:

	Governmental activities	Business-type activities
Capital assets	\$ 10,201,437	17,821,298
Accumulated depreciation	(5,153,533)	(4,700,855)
Bonds payable	(92,882)	(507,651)
Bond anticipation note	-	(5,241,000)
Unspent bond proceeds	-	234,012
Capital leases payable	(198,400)	-
Total net investment in capital assets	\$ 4,756,622	7,605,804

RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2019, the Town has restated beginning net position in the government-wide statement of net position to account for the addition of the Town's total OPEB liability in regards to an implicit liability for retiree health insurance through the Maine Education Association Benefits Trust (MEABT), which effectively decreased the Town's net position as of July 1, 2018 by \$1,608,919.

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>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>
<u>PLD Plan</u>				
Town's proportion of the net pension liability	0.1990%	0.2092%	0.2055%	0.2132%
Town's proportionate share of the net pension liability	\$ 544,752	856,731	1,091,757	680,118
Town's covered payroll	1,141,578	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	47.72%	75.52%	99.36%	60.15%
Plan fiduciary net position as a percentage of of the total pension liability	91.14%	86.43%	81.61%	88.27%
<u>SET Plan</u>				
Town's proportion of the net pension liability	0.0090%	0.0083%	0.0084%	0.0079%
Town's proportionate share of the net pension liability	\$ 121,747	120,212	148,665	106,646
State's proportionate share of the net pension liability associated with the Town	\$ 1,495,481	1,568,847	1,881,993	1,620,807
<u>Total</u>	<u>\$ 1,617,228</u>	<u>1,689,059</u>	<u>2,030,658</u>	<u>1,727,453</u>
Town's covered payroll	\$ 1,253,266	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	9.71%	9.23%	11.89%	7.83%
Plan fiduciary net position as a percentage of of the total pension liability	82.90%	80.78%	76.21%	81.18%

* Only four 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan</u>						
Contractually required contribution	\$	120,984	110,391	134,152	109,171	89,965
Contributions in relation to the contractually required contribution		(120,984)	(110,391)	(134,152)	(109,171)	(89,965)
Contribution deficiency (excess)		-	-	-	-	-
<hr/>						
Town's covered payroll	\$	1,201,115	1,141,578	1,134,436	1,098,769	1,130,641
Contributions as a percentage of covered payroll		10.07%	9.67%	11.83%	9.94%	7.96%
<u>SET Plan</u>						
Contractually required contribution	\$	58,982	49,755	43,752	42,002	36,098
Contributions in relation to the contractually required contribution		(58,982)	(49,755)	(43,752)	(42,002)	(36,098)
Contribution deficiency (excess)		-	-	-	-	-
<hr/>						
Town's covered payroll	\$	1,485,698	1,253,266	1,302,145	1,250,476	1,362,182
Contributions as a percentage of covered payroll		3.97%	3.97%	3.36%	3.36%	2.65%

* Only five 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 - MMEHT OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	2019	2018
Service cost	\$ 14,976	11,510
Interest	36,717	24,293
Changes of benefit terms	-	-
Differences between expected and actual experience	-	267,680
Changes of assumptions or other inputs	(82,709)	154,764
Benefit payments	(47,516)	(26,722)
Net change in total OPEB Liability	78,532	431,525
Total OPEB liability - beginning	1,075,930	644,405
Total OPEB liability - ending	\$ 997,398	1,075,930
Covered-employee payroll	\$ 491,545	491,545
Total OPEB liability as a percentage of covered-employee payroll	202.91%	218.89%

*Only two years of information available

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

	2019
Total OPEB Liability	
Service cost	\$ 8,238
Interest	101,344
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(88,154)
Benefit payments	(169,476)
Net change in total OPEB Liability	(148,048)
Total OPEB liability - beginning	2,906,586
Total OPEB liability - ending	\$ 2,758,538
Covered-employee payroll	\$ 1,097,516
Total OPEB liability as a percentage of covered-employee payroll	251.34%

* 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*

	2019	2018
School's proportion of the net OPEB liability	0.00%	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	44,702	43,271
Total	44,702	43,271
Plan fiduciary net position as a percentage of the total OPEB liability	48.04%	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*

	2019	2018
Town's proportion of the net OPEB liability	0.3913%	0.3776%
Town's proportionate share of the net OPEB liability	\$ 6,670	63,145
Town's covered-employee payroll	957,133	938,794
Town's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	0.70%	6.73%
Plan fiduciary net position as a percentage of the total OPEB liability	43.92%	47.42%

* Only two years 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>2019</u>	<u>2018</u>
Contractually required contribution	\$ 7,759	8,179
Contributions in relation to the contractually required contribution	<u>(7,759)</u>	<u>(8,179)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
Town's covered-employee payroll	\$ 841,993	957,133
Contributions as a percentage of covered-employee payroll	0.92%	0.85%

* Only two years 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>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate – PLD	6.75%	6.875%	7.125%	7.250%
Discount rate – SET	6.75%	6.875%	7.125%	7.125%
Inflation rate	2.75%	2.75%	3.50%	3.50%
Salary increases – PLD	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Salary increases – SET	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%
Cost of living increases – PLD	1.91%	2.20%	2.55%	3.12%
Cost of living increases – SET	2.20%	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.*

OPEB Liabilities

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations regarding the MPERS life insurance plans:

	<u>2019</u>	<u>2018</u>
Discount rate – SET	6.750%	6.875%
Discount rate – PLD	5.13%	5.41%

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 <u>Rate</u>	School Discount <u>Rate</u>
2019	4.10%	3.87%
2018	3.44%	3.87%
2017	3.78%	unknown

Additionally, for the Town Health Plan, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2019.

GENERAL FUND

TOWN OF EAST MILLINOCKET, MAINE
Comparative Balance Sheets - General Fund
June 30, 2019

(with comparative actual amounts for the year ended June 30, 2018)

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 1,947,785	2,429,513
Investments	292,672	332,801
Receivables:		
Accounts	290,819	140,097
Taxes receivable - current year	168,652	192,115
Taxes receivable - prior years	25,841	26,850
Tax liens	120,308	47,789
Loan receivable	54,000	62,000
Interfund loans receivable	1,808,158	1,105,760
Total assets	\$ 4,708,235	4,336,925
LIABILITIES		
Accounts payable and other current liabilities	43,700	25,740
Taxes paid in advance	5,184	7,171
Accrued wages and benefits	179,292	115,103
Accrued summer salaries	214,235	170,766
Total liabilities	442,411	318,780
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	280,326	252,623
Total deferred inflows of resources	280,326	252,623
FUND BALANCE		
Nonspendable	54,000	62,000
Restricted	607,759	570,487
Assigned	78,808	87,512
Unassigned	3,244,931	3,045,523
Total fund balance	3,985,498	3,765,522
Total liabilities, deferred inflows of resources, and fund balance	\$ 4,708,235	4,336,925

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, 2019
(with comparative actual amounts for the year ended June 30, 2018)

	2019		Variance positive (negative)	2018 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 2,497,246	2,469,481	(27,765)	2,318,706
Excise taxes	261,160	265,840	4,680	281,043
Interest and lien costs	10,000	18,530	8,530	17,770
Total taxes	2,768,406	2,753,851	(14,555)	2,617,519
Licenses and permits	16,670	18,037	1,367	15,923
Intergovernmental:				
Tree growth reimbursement	10,000	12,744	2,744	13,279
Veterans exemption reimbursement	4,000	5,132	1,132	5,650
State revenue sharing	150,000	243,391	93,391	210,628
General assistance	3,500	5,503	2,003	1,588
Homestead exemption reimbursement	212,508	212,508	-	169,896
BETE reimbursement	9,688	9,718	30	7,842
Local road assistance	14,136	14,236	100	14,364
Education subsidy	1,543,940	1,475,875	(68,065)	1,384,906
Total intergovernmental	1,947,772	1,979,107	31,335	1,808,153
Tuition and other charges for services - education	884,341	983,721	99,380	972,676
Charges for services:				
Police	122,000	120,000	(2,000)	122,000
Municipal review committee	-	-	-	9,360
Recreation	53,753	53,352	(401)	54,515
Total charges for services	175,753	173,352	(2,401)	185,875
Unclassified:				
KARE receipts (fiscal agent)	-	1,040	1,040	25,000
Other revenues	35,620	44,153	8,533	45,181
Unclassified - School	32,000	35,669	3,669	28,196
Total unclassified	67,620	80,862	13,242	98,377
Investment earnings	4,000	13,317	9,317	11,043
Total revenues	5,864,562	6,002,247	137,685	5,709,566

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

	2019		Variance positive (negative)	2018 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Selectmen's office	\$ 237,331	220,086	17,245	199,481
Insurance and benefits	268,252	255,177	13,075	212,744
Assessing/Code enforcement	5,000	4,500	500	3,500
Planning and appeals board	5,238	2,744	2,494	17,738
Total general government	515,821	482,507	33,314	433,463
Public safety:				
Fire department	92,517	52,018	40,499	47,799
Police	340,067	358,161	(18,094)	339,294
Protective services	235,482	232,978	2,504	207,883
Total public safety	668,066	643,157	24,909	594,976
Roads:				
Public works	307,305	307,649	(344)	274,846
Hot top	132,193	124,815	7,378	38,035
Total roads	439,498	432,464	7,034	312,881
Health, social service, and recreation:				
Solid waste	150,284	138,092	12,192	139,996
Town celebration	14,333	4,196	10,137	6,031
General assistance	6,500	7,261	(761)	2,818
Recreation	142,054	131,806	10,248	133,478
Industrial park	10,525	5,955	4,570	7,688
Total health, social service, and recreation	323,696	287,310	36,386	290,011
Library				
Library	-	460	(460)	-
Total library	-	460	(460)	-
Education				
Education	4,007,601	3,740,203	267,398	3,659,489
Total education	4,007,601	3,740,203	267,398	3,659,489
Special projects:				
Veteran's Memorial	2,000	2,000	-	-
Total special projects	2,000	2,000	-	-

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

	2019		Variance positive (negative)	2018 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Cemetery	\$ 15,655	20,776	(5,121)	14,763
Total cemetery	15,655	20,776	(5,121)	14,763
County tax				
County tax	90,914	90,914	-	88,437
Total county tax	90,914	90,914	-	88,437
Capital projects:				
Mobile data unit - police	-	7,718	(7,718)	-
Tennis court repair	15,000	15,000	-	-
Mill acquisition - legal	75,000	19,400	55,600	-
Cemetery mower	-	-	-	17,335
Christmas lights and receptacles	-	(409)	409	180
Town building improvements	-	30	(30)	2,693
Public safety building repairs	-	5,897	(5,897)	2,602
Total capital projects	90,000	47,636	42,364	22,810
Debt service:				
Town	44,262	42,498	1,764	-
Education	46,441	46,441	-	46,441
Total debt service	90,703	88,939	1,764	46,441
Total expenditures	6,243,954	5,836,366	407,588	5,463,271
Excess (deficiency) of revenues over (under) expenditures	(379,392)	165,881	545,273	246,295
Other financing sources (uses):				
Overlay	(122,124)	-	122,124	-
Budgeted use of surplus - school	261,110	-	(261,110)	-
Budgeted use of surplus - town	140,000	-	(140,000)	-
Use of assigned fund balance - town	40,462	-	(40,462)	-
Transfers in	60,444	60,640	196	130,088
Transfers out	(500)	(6,545)	(6,045)	(21,038)
Total other financing sources (uses)	379,392	54,095	(325,297)	109,050
Net change in fund balance	-	219,976	219,976	355,345
Fund balance, beginning of year		3,765,522		3,410,177
Fund balance, end of year	\$	3,985,498		3,765,522

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF EAST MILLINOCKET, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2019

	Education Funds	Town Grants	School Lunch Program	Ministerial Fund	Total Nonmajor Governmental Funds
ASSETS					
Investments	\$ -	-	-	17,074	17,074
Intergovernmental receivables	56,993	-	4,285	-	61,278
Inventory	-	-	8,983	-	8,983
Interfund loans receivable	556,975	27,618	14,722	-	599,315
Total assets	\$ 613,968	27,618	27,990	17,074	686,650
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	23	-	23
Accrued wages and benefits	13,717	-	270	-	13,987
Interfund loans payable	43,276	-	-	-	43,276
Total liabilities	56,993	-	293	-	57,286
Fund balances:					
Nonspendable	-	-	8,983	-	8,983
Restricted	556,975	27,618	18,714	17,074	620,381
Total fund balances	556,975	27,618	27,697	17,074	629,364
Total liabilities and fund balances	\$ 613,968	27,618	27,990	17,074	686,650

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, 2019

	Education Funds	Town Grants	School Lunch Program	Ministerial Fund	Total Other Governmental Funds
Revenues:					
Property tax revenue	\$ 1,436	-	-	-	1,436
Intergovernmental	230,105	-	108,889	-	338,994
Charges for services	-	-	29,456	-	29,456
Other	456,675	287,406	-	-	744,081
Investment earnings	-	-	-	592	592
Total revenues	688,216	287,406	138,345	592	1,114,559
Expenditures:					
Current:					
General government	-	290	-	-	290
Health, social services and recreation	600	164,920	-	-	165,520
Education	253,953	-	-	46,441	300,394
School lunch program	-	-	160,117	-	160,117
Capital outlay	64,742	205,722	-	-	270,464
Total expenditures	319,295	370,932	160,117	46,441	896,785
Excess (deficiency) of revenues over (under) expenditures	368,921	(83,526)	(21,772)	(45,849)	217,774
Other financing sources (uses):					
Transfers from other funds	30,875	-	-	-	30,875
Transfers to other funds	(26,875)	-	-	-	(26,875)
Total other financing sources	4,000	-	-	-	4,000
Net change in fund balances	372,921	(83,526)	(21,772)	(45,849)	221,774
Fund balances, beginning of year	184,054	111,144	49,469	62,923	407,590
Fund balances, end of year	\$ 556,975	27,618	27,697	17,074	629,364

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

TOWN OF EAST MILLINOCKET, MAINE
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 Education Funds
 June 30, 2019
 (with comparative totals for June 30, 2018)

	Title IA	High School Diploma	Local Entitlement	Preschool	REAP Grant	Title IIA	Title IV	PEPG Grant	E-Rate Funds	Adult Education	Galen Cole Foundation Grant	Bridge	Maine Community Foundation	Mackenzie Grants	Wellness Grant	Insurance Proceeds	School Capital Reserve	Total	
																		2019	2018
ASSETS																			
Intergovernmental receivables	\$ 41,350	-	10,852	-	1,007	3,035	749	-	-	-	-	-	-	-	-	-	-	56,993	38,827
Interfund loans receivable	-	1,326	-	-	-	-	-	1,312	-	2,970	393	2,384	4,062	489,028	-	-	55,500	556,975	184,054
Total assets	\$ 41,350	1,326	10,852	-	1,007	3,035	749	1,312	-	2,970	393	2,384	4,062	489,028	-	-	55,500	613,968	222,881
LIABILITIES AND FUND BALANCES																			
Liabilities:																			
Accrued wages and benefits	13,717	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,717	-
Interfund loans payable	27,633	-	10,852	-	1,007	3,035	749	-	-	-	-	-	-	-	-	-	-	43,276	38,827
Total liabilities	41,350	-	10,852	-	1,007	3,035	749	-	-	-	-	-	-	-	-	-	-	56,993	38,827
Fund balances:																			
Restricted	-	1,326	-	-	-	-	-	1,312	-	2,970	393	2,384	4,062	489,028	-	-	55,500	556,975	184,054
Total fund balances	-	1,326	-	-	-	-	-	1,312	-	2,970	393	2,384	4,062	489,028	-	-	55,500	556,975	184,054
Total liabilities and fund balances	\$ 41,350	1,326	10,852	-	1,007	3,035	749	1,312	-	2,970	393	2,384	4,062	489,028	-	-	55,500	613,968	222,881

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, 2019
(with comparative totals for the year ended June 30, 2018)

	Title IA	High School Diploma	Local Entitlement	Preschool	REAP Grant	Title IIA	Title IV	PEPG Grant	E-Rate Funds	Adult Education	Galen Cole Foundation Grant	Bridge	Maine Community Foundation	Mackenzie Grants	Wellness Grant	Insurance Proceeds	School Capital Reserve	Total		
																		2019	2018	
Revenues:																				
Property tax revenue	\$ -	-	-	-	-	-	-	-	-	1,436	-	-	-	-	-	-	-	-	1,436	2,064
Intergovernmental	109,717	-	51,838	70	33,394	26,210	8,276	-	-	-	-	-	-	-	600	-	-	230,105	201,071	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	453,475	-	3,200	-	456,675	224,853	
Total revenues	109,717	-	51,838	70	33,394	26,210	8,276	-	-	1,436	-	-	-	453,475	600	3,200	-	688,216	427,988	
Expenditures:																				
Current:																				
Health, social services and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	600	-	-	600	500	
Education	136,592	1,023	51,838	70	33,394	6,862	749	1,729	4,282	1,436	-	4,228	1,600	10,150	-	-	-	253,953	275,380	
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	22,187	-	34,055	8,500	64,742	110,655	
Total expenditures	136,592	1,023	51,838	70	33,394	6,862	749	1,729	4,282	1,436	-	4,228	1,600	32,337	600	34,055	8,500	319,295	386,535	
Excess (deficiency) of revenues over (under) expenditures	(26,875)	(1,023)	-	-	-	19,348	7,527	(1,729)	(4,282)	-	-	(4,228)	(1,600)	421,138	-	(30,855)	(8,500)	368,921	41,453	
Other financing sources (uses):																				
Transfers from other funds	26,875	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000	30,875	40,921	
Transfers to other funds	-	-	-	-	-	(19,348)	(7,527)	-	-	-	-	-	-	-	-	-	-	(26,875)	(20,921)	
Total other financing sources (uses)	26,875	-	-	-	-	(19,348)	(7,527)	-	-	-	-	-	-	-	-	-	4,000	4,000	20,000	
Net change in fund balances	-	(1,023)	-	-	-	-	-	(1,729)	(4,282)	-	-	(4,228)	(1,600)	421,138	-	(30,855)	(4,500)	372,921	61,453	
Fund balances, beginning 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	
Fund balances, end of year	\$ -	1,326	-	-	-	-	-	1,312	-	2,970	393	2,384	4,062	489,028	-	-	55,500	556,975	184,054	

TOWN OF EAST MILLINOCKET, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
Town Grants
June 30, 2019
(with comparative totals for June 30, 2018)

	Wellness Grant	Mackenzie Grant	Stephen King Grants	Rudman Grant	Total	
					2019	2018
ASSETS						
Interfund loans receivable	\$ -	22,656	4,517	445	27,618	111,144
Total assets	\$ -	22,656	4,517	445	27,618	111,144
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund loans payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund balances:						
Restricted	-	22,656	4,517	445	27,618	111,144
Total fund balances	-	22,656	4,517	445	27,618	111,144
Total liabilities and fund balances	\$ -	22,656	4,517	445	27,618	111,144

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, 2019
(with comparative totals for the year ended June 30, 2018)

	Wellness Grant	Mackenzie Grant	Stephen King Grants	Rudman Grant	Total	
					2019	2018
Revenues:						
Other	\$ -	287,406	-	-	287,406	122,000
Total revenues	-	287,406	-	-	287,406	122,000
Expenditures:						
Current:						
General government	-	-	-	290	290	479
Health, welfare and recreation	144	160,530	4,246	-	164,920	64,944
Capital outlay	-	205,722	-	-	205,722	-
Total expenditures	144	366,252	4,246	290	370,932	65,423
Net change in fund balances	(144)	(78,846)	(4,246)	(290)	(83,526)	56,577
Fund balances, beginning of year	144	101,502	8,763	735	111,144	54,567
Fund balances, end of year	\$ -	22,656	4,517	445	27,618	111,144

TOWN CAPITAL RESERVE FUNDS

TOWN OF EAST MILLINOCKET, MAINE
 Combining Balance Sheet
 Town Capital Reserve Funds
 June 30, 2019
 (with comparative totals for June 30, 2018)

	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	
													2019	2018
ASSETS														
Interfund loans receivable	\$ 13,577	74,246	25	56,624	10,099	720	29,499	34,353	3,678	16,359	59,160	62,702	361,042	353,416
Total assets	\$ 13,577	74,246	25	56,624	10,099	720	29,499	34,353	3,678	16,359	59,160	62,702	361,042	353,416
LIABILITIES AND FUND BALANCES														
Liabilities:														
Interfund loans payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances:														
Committed	13,577	74,246	25	56,624	10,099	720	29,499	34,353	3,678	16,359	59,160	62,702	361,042	353,416
Total fund balances	13,577	74,246	25	56,624	10,099	720	29,499	34,353	3,678	16,359	59,160	62,702	361,042	353,416
Total liabilities and fund balances	\$ 13,577	74,246	25	56,624	10,099	720	29,499	34,353	3,678	16,359	59,160	62,702	361,042	353,416

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, 2019
(with comparative totals for the year ended June 30, 2018)

	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	2019	2018	
Revenues:														
Other revenue	\$ 20,000	-	-	24,198	-	-	20,000	11,920	-	7,248	-	-	83,366	81,613
Investment earnings	429	285	-	895	349	16	710	563	80	388	1,384	1,426	6,525	4,279
Total revenues	20,429	285	-	25,093	349	16	20,710	12,483	80	7,636	1,384	1,426	89,891	85,892
Expenditures:														
Current:														
General government	-	-	-	-	-	-	-	-	-	-	4,795	3,197	7,992	-
Capital outlay	21,370	-	-	5,818	6,725	-	25,610	-	-	17,295	-	-	76,818	9,837
Total expenditures	21,370	-	-	5,818	6,725	-	25,610	-	-	17,295	4,795	3,197	84,810	9,837
Excess (deficiency) of revenues over (under) expenditures	(941)	285	-	19,275	(6,376)	16	(4,900)	12,483	80	(9,659)	(3,411)	(1,771)	5,081	76,055
Other financing sources (uses):														
Transfers from other funds	-	-	-	-	-	-	2,545	-	-	-	-	-	2,545	-
Transfers from (to) other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	(39,432)
Total other financing sources (uses)	-	-	-	-	-	-	2,545	-	-	-	-	-	2,545	(39,432)
Net change in fund balances	(941)	285	-	19,275	(6,376)	16	(2,355)	12,483	80	(9,659)	(3,411)	(1,771)	7,626	36,623
Fund balances, beginning 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
Fund balances, end of year	\$ 13,577	74,246	25	56,624	10,099	720	29,499	34,353	3,678	16,359	59,160	62,702	361,042	353,416

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, 2019

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Property tax revenue	\$ 1,333,151	1,333,151	1,332,651	(500)
Intergovernmental revenue	1,543,940	1,543,940	1,475,875	(68,065)
Charges for services	837,900	837,900	937,280	99,380
Ministerial reimbursements	46,441	46,441	46,441	-
Other revenues	32,000	32,000	35,669	3,669
Total revenues	3,793,432	3,793,432	3,827,916	34,484
Expenditures:				
Current:				
Regular instruction	2,046,361	2,041,661	1,932,831	108,830
Special education instruction	591,486	591,486	540,571	50,915
Career and technical services	4,153	4,153	4,153	-
Other instruction	148,531	148,531	128,795	19,736
Student and staff support	301,410	301,410	286,878	14,532
System administration	217,051	217,051	198,631	18,420
School administration	247,040	247,040	235,394	11,646
Transportation	35,658	40,358	40,315	43
Facilities maintenance	415,911	415,911	372,635	43,276
Debt service	46,441	46,441	46,441	-
Total expenditures	4,054,042	4,054,042	3,786,644	267,398
Excess (deficiency) of revenues over (under) expenditures	(260,610)	(260,610)	41,272	301,882
Other financing sources (uses):				
Transfer out	(500)	(500)	(4,000)	(3,500)
Use of surplus	261,110	261,110	-	(261,110)
Total other financing sources (uses)	260,610	260,610	(4,000)	(264,610)
Net change in fund balance	-	-	37,272	37,272
Fund balance, beginning of year			570,487	
Fund balance, end of year	\$		607,759	

TOWN OF EAST MILLINOCKET
Agency Funds
Schedule of Cash Receipts, Cash Disbursements, and Ending Balances - Student Activity Funds
For the year ended June 30, 2019

		Balances beginning of year	Cash Receipts	Cash Disbursements	Balances end of year
Schenck High School					
Class Funds:					
2018	\$	123	-	123	-
2019		403	11,610	10,900	1,113
Amazon sales		372	-	-	372
Opal Field Trips		600	-	-	600
Opal - Books for Kids		-	1,892	894	998
Close Up Washington		5,915	-	-	5,915
Yearbook #1 - savings		1,283	-	-	1,283
Yearbook		1,847	3,959	4,612	1,194
Dramatic Club		3,114	2,615	302	5,427
Student Council		4,402	4,432	4,781	4,053
General		8,237	1,426	3,018	6,645
National Honor Society		8	-	-	8
Biology Account		95	-	-	95
Hot Lunch		169	-	169	-
Hall of Fame		500	150	650	-
Foreign Language		680	-	-	680
Schenck @ 100		-	833	207	626
Scholarship		2,033	11,320	8,751	4,602
Faculty-Staff Scholarship Fund		299	-	299	-
Playground Fund		7,620	-	-	7,620
Athletic - gate receipts		14,730	9,822	12,000	12,552
Chorus		106	-	-	106
Athletics		9,826	14,082	14,155	9,753
Athletic Activities		2,008	-	-	2,008
English		794	-	43	751
Vending Machine		187	-	-	187
Winter Carnival		1,363	579	515	1,427
Art Fund		125	-	-	125
Opal res Down		95	-	-	95
Box Tops for Education		1,282	1,280	912	1,650
Opal School Store		-	370	-	370
Opal Wellness		921	-	-	921
Flex Spending Account		5,861	12,781	10,561	8,081
Total	\$	74,998	77,151	72,892	79,257

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, 2019

	Balances beginning of year	Donations	Net Investment Earnings/Fees	Total Available	Scholarships	Balances end of year
Mathew Dickinson	\$ 7,055	-	15	7,070	300	6,770
Brandon Pelkey	2,843	-	3	2,846	750	2,096
Lawrence Waltz Memorial	3,989	200	4	4,193	200	3,993
Edna Dunn Cousins	5,975	-	12	5,987	300	5,687
Leon Cousins	5,363	-	11	5,374	-	5,374
Dawn Rossignol	2,119	-	1	2,120	500	1,620
Heal Scholarship	2,683	-	3	2,686	200	2,486
Heal/Dentremont	5,374	-	8	5,382	500	4,882
E. Dean Parker	8,968	-	96	9,064	102	8,962
Thomas Cahill	3,690	-	4	3,694	-	3,694
East Millinocket Alumni Association	11,539	20,977	94	32,610	21,473	11,137
Edward & Eva Madden Scholarship	827	-	-	827	200	627
Violette Family Scholarship	12,494	-	484	12,978	500	12,478
	\$ 72,919	21,177	735	94,831	25,025	69,806