

TOWN OF EAST MILLINOCKET, MAINE

Annual Financial Report

For the Year Ended June 30, 2017

TOWN OF EAST MILLINOCKET, MAINE
Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-9
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	13
Statement of Activities	2	14
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	6	18
Statement of Net Position - Proprietary Funds	7	19
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	20
Statement of Cash Flows - Proprietary Funds	9	21
Statement of Fiduciary Net Position - Fiduciary Funds	10	22
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11	23
Notes to Basic Financial Statements		24-43
Required Supplementary Information:		44-47
	<u>Exhibit</u>	<u>Page</u>
Combining and Individual Fund Financial Statements:		
General Fund:		
Comparative Balance Sheets	A-1	51
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis	A-2	52-54
All Other Governmental Funds:		
Combining Balance Sheet	B-1	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	58
Nonmajor Special Revenue Funds – Education Grants:		
Combining Balance Sheet	C-1	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	62
Nonmajor Special Revenue Funds – Town Grants:		
Combining Balance Sheet	D-1	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	64
Town Capital Reserve Funds:		
Combining Balance Sheet	E-1	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2	68

TOWN OF EAST MILLINOCKET, MAINE
Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents, Continued

	<u>Schedule</u>	<u>Page</u>
Schedule of Revenues and Expenditures – Budget and Actual – Budgetary Basis – General Fund – School Department	1	71
Agency Funds – Schedule of Cash Receipts, Cash Disbursements, and Ending Balances – Student Activity Funds	2	72
Private-purpose Trust Funds – Schedule of Cash Receipts, Cash Disbursements, and Ending Balances – Scholarship Funds	3	73

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, 2017, 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, 2017, 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, schedule of funding progress for the retiree healthcare plan, schedule of Town's proportionate share of the net pension liability, and schedule of Town contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The 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 4, 2017, 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 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 black ink, reading "Raymond Kurtan Ouellette". The signature is written in a cursive style with a large initial 'R'.

December 4, 2017
South Portland, Maine

TOWN OF EAST MILLINOCKET, MAINE
Management's Discussion and Analysis
June 30, 2017

The Town of East Millinocket's annual financial report is hereby submitted for fiscal year 2017, which covers the period of July 1, 2016 to June 30, 2017. 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, 2017 and June 20, 2016. It distinguishes between capital and other assets, notes the Town's general liabilities and debt service, and shows the Town's net position by restricted and unrestricted amounts. This information is also separated by the Town's Governmental Activities and Business-type Activities.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 4,573,272	4,264,528	574,211	677,772	5,147,483	4,942,300
Capital assets	4,768,143	4,894,035	4,716,571	4,128,885	9,484,714	9,022,920
Total assets	9,341,415	9,158,563	5,290,782	4,806,657	14,632,197	13,965,220
Deferred outflows of resources	554,679	214,216	-	-	554,679	214,216
Liabilities:						
Current liabilities	291,349	285,899	733,470	116,789	1,024,819	402,688
Noncurrent liabilities	1,883,337	1,394,447	383,278	427,113	2,266,615	1,821,560
Total liabilities	2,174,686	1,680,346	1,116,748	543,902	3,291,434	2,224,248
Deferred inflows of resources	102,928	161,090	-	-	102,928	161,090
Net position:						
Net investment in capital assets	4,567,905	4,657,880	3,712,551	3,729,098	8,280,456	8,386,978
Restricted	923,757	890,617	165,982	161,148	1,089,739	1,051,765
Unrestricted	2,126,818	1,982,846	295,501	372,509	2,422,319	2,355,355
Total net position	\$ 7,618,480	7,531,343	4,174,034	4,262,755	11,792,514	11,794,098

The Town of East Millinocket, Maine's governmental activities assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$7,618,480 and business-type activities assets exceeded its liabilities by \$4,174,034 for total net position of \$11,792,514 at the close of the most recent fiscal year.

A large portion of the Town's net position, \$8,280,456 (70.22%), 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 \$2,422,319 (20.54%) of the Town's net position is available to be used to meet the Town's ongoing obligations to its citizens and creditors.

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

TYPES OF ACTIVITIES BY FISCAL YEAR

The information in the following chart is drawn from Statement 2, Statement of Activities. Total expenses of the primary government were \$9,040,820; however, after considering all program revenues and other revenues, the net amount raised by property taxes was \$2,360,452. Put another way, property taxes financed 26.11% of the total costs of providing municipal, school, county, wastewater, water works, and ambulance expenses in FY 2017.

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 1,198,568	1,306,015	2,518,954	2,293,708	3,717,522	3,599,723
Operating grants and contributions	2,139,700	1,921,122	-	30,000	2,139,700	1,951,122
Capital grants and contributions	210,956	45,503	-	-	210,956	45,503
General revenues:						
Property taxes	2,360,452	2,223,077	-	-	2,360,452	2,223,077
Motor vehicle excise taxes	278,182	267,761	-	-	278,182	267,761
Interest and lien costs	29,945	20,250	-	-	29,945	20,250
State revenue sharing	172,721	134,736	-	-	172,721	134,736
Homestead and BETE exemptions	118,210	73,970	-	-	118,210	73,970
Other State aid	14,831	13,325	-	-	14,831	13,325
Unrestricted investment earnings	10,051	7,433	5,701	5,183	15,752	12,616
Miscellaneous	48,006	53,331	-	-	48,006	53,331
Loss on disposal of capital assets	(9,618)	(18,600)	(57,423)	-	(67,041)	(18,600)
Transfers	85,455	96,465	(85,455)	(96,465)	-	-
Total revenues	6,657,459	6,144,388	2,381,777	2,232,426	9,039,236	8,376,814
Expenses:						
General government	594,308	584,080	-	-	594,308	584,080
Public safety	681,975	654,400	-	-	681,975	654,400
Roads	338,510	352,045	-	-	338,510	352,045
Health, social services and recreation	340,890	310,069	-	-	340,890	310,069
Library	1,111	1,729	-	-	1,111	1,729
Education	4,276,612	4,092,851	-	-	4,276,612	4,092,851
Maine State retirement - on-behalf	165,112	156,935	-	-	165,112	156,935
Special projects	2,457	1,344	-	-	2,457	1,344
Cemetery	14,909	15,353	-	-	14,909	15,353
County tax	97,400	117,142	-	-	97,400	117,142
Unclassified	-	2,581	-	-	-	2,581
Capital maintenance expenses	53,649	35,516	-	-	53,649	35,516
Interest on debt	3,389	15,730	-	-	3,389	15,730
Wastewater fund	-	-	384,933	539,952	384,933	539,952
Water Works fund	-	-	236,335	238,414	236,335	238,414
Ambulance fund	-	-	1,849,230	1,752,592	1,849,230	1,752,592
Total expenses	6,570,322	6,339,775	2,470,498	2,530,958	9,040,820	8,870,733
Change in net position	87,137	(195,387)	(88,721)	(298,532)	(1,584)	(493,919)
Net position - beginning	7,531,343	7,726,730	4,262,755	4,561,287	11,794,098	12,288,017
Net position - ending	\$ 7,618,480	7,531,343	4,174,034	4,262,755	11,792,514	11,794,098

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

The Town of East Millinocket's governmental activities net position increased by \$87,137 and its business-type activities net position decreased by \$88,721, which resulted in an overall decrease to the primary government's net position from the prior fiscal year of \$1,584.

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 \$4,073,239, an increase of \$446,300 in comparison with the prior year. Approximately 69% of this total amount (\$2,809,665) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of the fund balance (\$1,263,574) is not available for new spending because it is either in a nonspendable form (\$9,150), is restricted for education and grants (\$914,607), has already been committed for various capital purposes (\$316,793), or has been assigned to specific uses (\$23,024).

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 (\$2,809,665) (Statement 3) represents 44.02% of the total governmental funds expenditures (\$6,383,187) (Statement 4); total governmental fund balance (\$4,073,239) (Statement 3) represents 63.81% 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 2017 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 \$274,428. Expenditures were under budget by \$332,357. After considering other financing sources and uses, the total change in the general fund's fund balance was an increase of \$522,199. Some of the more significant variances between budget and actual that caused the increase, as shown on Statement 6, were as follows:

- Tax revenues were over budget by \$274,506 primarily due to a payment from the GNP bankruptcy, as well as higher-than-expected excise tax collections.
- Intergovernmental revenues were over budget by \$43,985 primarily due to the receipt of unbudgeted State reimbursements for tree growth and veteran's exemption as well as higher-than-expected State revenue sharing.
- Tuition and other charges for education were under budget by \$68,541, primarily due to a drop in the state tuition rate during the fiscal year and due to a large number of Medway students that attended Region III, resulting in a lower tuition reimbursement.
- Roads expenditures were under budget by \$16,406, primarily due to lower-than-expected costs related to diesel, gasoline and building fuel, contracted services, and salt.
- Education expenditures were under budget by \$297,354, primarily due to lower-than-expected special education instruction 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 2017, the Town of East Millinocket's governmental activities capital assets totaled \$9,497,072. The accumulated depreciation for the Town's governmental activities for 2017 totaled \$4,728,929. This results in a net capital assets total of \$4,768,143, which is comprised of land, buildings and improvements, equipment, furniture and vehicles.

At the end of 2017, the Town of East Millinocket's business-type activities capital assets totaled \$9,080,041. The accumulated depreciation for the Town's business-type activities for 2017 totaled \$4,363,470. This results in a net capital assets total for the Town's business-type activities of \$4,716,571, which is comprised of land, infrastructure, buildings and improvements, equipment, furniture and vehicles.

During 2017, the Town's governmental activities invested \$97,599 in new capital asset additions. This included a 2016 Dodge Charger (\$20,399), playground equipment (\$24,580), and (\$52,620) was spent on the boiler project at Schenck High School, which was not finished at year-end and thus is included in construction in progress.

During 2017, the Town's business-type activities invested \$900,374 in new capital asset additions. This included \$708,664 that was expended on the new Wastewater Treatment Plant that is included in construction in progress at year-end, two-2017 Dodge ProMaster 350 ambulances (\$165,176), and a 2016 Dodge Ram pick-up (\$26,534).

LONG-TERM DEBT

The State allows municipalities to borrow up to 15% of their total state valuation. Since the value of the Town was \$66,800,000 in FY 2017, the town's debt limit is at \$10,020,000. The Town's current bonded debt is \$538,337, which is well below the debt limit. This debt includes \$185,764 for governmental activities and \$352,573 for business-type activities (Wastewater). The Wastewater debt is repaid through user fees, not property tax revenues.

The Town did not issue any new bonds during FY 2017, but repaid \$93,655 in principal between governmental and business-type activities. However, the Town did issue a bond anticipation note with an outstanding balance of \$651,447 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 continue to address many challenges that face our community and region. Recently, new legislation was passed in Augusta called the Rural Manufacturing Development Assistance Program. We believe East Millinocket will benefit from this legislation along with federal programs that are in direct response to the decline of the paper industry. The Board of Selectmen and the School Board will continue to work together to develop strategies to maintain current services.

The wastewater treatment plant is going out to bid in November 2017 with groundbreaking beginning in the spring of 2018. Delays related to committed funds and the disposal of sludge from the current pond has caused delays to the project that was expected to begin this past spring. The Town of Medway has approached the Board to discuss the possibility of tying into the new treatment plant, which would create a new revenue stream for the department.

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

The Town of Medway is also currently looking at tying into our existing waterworks infrastructure, which would also create a new revenue stream for this department. While the Town has clearly lost revenue over the past two years with the closure of the mill, the governmental fund's fund balance has actually increased by \$446,300 from the prior year. This has helped to ensure the Town maintains a healthy fund balance, and we have been able to postpone any rate increase. However, this issue will have to be addressed in the near future.

The East Millinocket/Lincoln Ambulance Service has been in operation for the past four years and currently provides jobs for over 60 people throughout the Katahdin Region. Each year, the department has operated at a loss, which is expected when any new enterprise is launched. This past year, the fund showed a total net position decrease of \$164,256, but this is down from \$210,391 in the prior year. Additionally, of the current year decrease, \$57,423 is the result of a loss on disposal of capital assets and \$85,455 was transferred to the General Fund per the budget. Thus, the operating loss for 2017 was only \$21,378, which is a marked improvement from the prior year of \$128,036. The Board is hopeful that next year's audit will show operational gains which will help replenish the equipment replacement/repair accounts.

REQUEST FOR INFORMATION

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

Respectfully submitted,

Angela Cote
Administrative Assistant
Town of East Millinocket, Maine

Beverly J. MacLeod
Treasurer
Town of East Millinocket, Maine

BASIC FINANCIAL STATEMENTS

TOWN OF EAST MILLINOCKET, MAINE
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,523,895	412,234	2,936,129
Investments	424,628	931,832	1,356,460
Receivables:			
Accounts, net of allowance (\$837,177)	136,974	383,581	520,555
Intergovernmental	48,139	-	48,139
Taxes receivable - current year	159,038	-	159,038
Taxes receivable - prior years	23,900	-	23,900
Tax liens	59,923	-	59,923
Internal balances	1,187,625	(1,187,625)	-
Inventory	9,150	34,189	43,339
Capital assets, not being depreciated	148,886	739,620	888,506
Capital assets, net of accumulated depreciation	4,619,257	3,976,951	8,596,208
Total assets	9,341,415	5,290,782	14,632,197
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	554,679	-	554,679
Total deferred outflows of resources	554,679	-	554,679
LIABILITIES			
Accounts payable and other current liabilities	40,228	10,602	50,830
Taxes paid in advance	7,056	-	7,056
Accrued wages and benefits payable	244,065	34,128	278,193
Advance for construction	-	37,293	37,293
Bond anticipation note	-	651,447	651,447
Noncurrent liabilities:			
Due within one year	53,376	48,014	101,390
Due in more than one year	1,829,961	335,264	2,165,225
Total liabilities	2,174,686	1,116,748	3,291,434
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	102,928	-	102,928
Total deferred inflows of resources	102,928	-	102,928
NET POSITION			
Net investment in capital assets	4,567,905	3,712,551	8,280,456
Restricted for:			
Education	577,488	-	577,488
Grants and programs	346,269	-	346,269
Proprietary funds	-	165,982	165,982
Unrestricted	2,126,818	295,501	2,422,319
Total net position	\$ 7,618,480	4,174,034	11,792,514

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Activities
For the year ended June 30, 2017

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	\$ 594,308	200,237	1,007	-	(393,064)	-	(393,064)
Public safety	681,975	-	-	12,700	(669,275)	-	(669,275)
Roads	338,510	-	14,136	10,000	(314,374)	-	(314,374)
Health, social services and recreation	340,890	-	73,916	6,528	(260,446)	-	(260,446)
Library	1,111	-	-	-	(1,111)	-	(1,111)
Education	4,276,612	998,331	1,885,529	181,728	(1,211,024)	-	(1,211,024)
Maine State retirement - on-behalf payments	165,112	-	165,112	-	-	-	-
Special projects	2,457	-	-	-	(2,457)	-	(2,457)
Cemetery	14,909	-	-	-	(14,909)	-	(14,909)
County tax	97,400	-	-	-	(97,400)	-	(97,400)
Capital maintenance expenses	53,649	-	-	-	(53,649)	-	(53,649)
Interest on debt	3,389	-	-	-	(3,389)	-	(3,389)
Total governmental activities	6,570,322	1,198,568	2,139,700	210,956	(3,021,098)	-	(3,021,098)
Business-type activities:							
Wastewater fund	384,933	465,994	-	-	-	81,061	81,061
Water Works fund	236,335	225,108	-	-	-	(11,227)	(11,227)
Ambulance fund	1,849,230	1,827,852	-	-	-	(21,378)	(21,378)
Total business-type activities	2,470,498	2,518,954	-	-	-	48,456	48,456
Total primary government	\$ 9,040,820	3,717,522	2,139,700	210,956	(3,021,098)	48,456	(2,972,642)
General revenues:							
Property taxes, levied for general purposes					\$ 2,360,452	-	2,360,452
Motor vehicle excise taxes					278,182	-	278,182
Interest and lien costs					29,945	-	29,945
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					172,721	-	172,721
Homestead and BETE reimbursements					118,210	-	118,210
Other State aid					14,831	-	14,831
Unrestricted investment earnings					10,051	5,701	15,752
Miscellaneous revenues					48,006	-	48,006
Loss on disposal of capital assets					(9,618)	(57,423)	(67,041)
Transfers					85,455	(85,455)	-
Total general revenues, loss on disposal, and transfers					3,108,235	(137,177)	2,971,058
Change in net position					87,137	(88,721)	(1,584)
Net position - beginning					7,531,343	4,262,755	11,794,098
Net position - ending					\$ 7,618,480	4,174,034	11,792,514

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Balance Sheet
Governmental Funds
June 30, 2017

	General	Capital Reserve Funds	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,523,895	-	-	2,523,895
Investments	316,121	-	108,507	424,628
Receivables:				
Accounts	136,974	-	-	136,974
Intergovernmental	-	-	48,139	48,139
Taxes receivable - current year	159,038	-	-	159,038
Taxes receivable - prior years	23,900	-	-	23,900
Tax liens	59,923	-	-	59,923
Inventory	-	-	9,150	9,150
Interfund loans receivable	686,047	316,793	223,090	1,225,930
Total assets	\$ 3,905,898	316,793	388,886	4,611,577
LIABILITIES				
Accounts payable	37,947	-	2,281	40,228
Taxes paid in advance	7,056	-	-	7,056
Accrued wages and benefits	242,034	-	2,031	244,065
Interfund loans payable	-	-	38,305	38,305
Total liabilities	287,037	-	42,617	329,654
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	208,684	-	-	208,684
Total deferred inflows of resources	208,684	-	-	208,684
FUND BALANCES				
Nonspendable	-	-	9,150	9,150
Restricted	577,488	-	337,119	914,607
Committed	-	316,793	-	316,793
Assigned	23,024	-	-	23,024
Unassigned	2,809,665	-	-	2,809,665
Total fund balances	3,410,177	316,793	346,269	4,073,239
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,905,898	316,793	388,886	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,768,143
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds.	208,684
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:	
Compensated absences payable	(63,564)
Other postemployment benefits	(379,113)
Capital leases payable	(14,474)
Net pension liability, including related deferred outflows and inflows	(788,671)
Bonds payable	(185,764)

Net position of governmental activities	\$ 7,618,480
--	---------------------

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, 2017

	General	Capital Reserve Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,813,237	-	-	2,813,237
Licenses and permits	200,237	-	-	200,237
Intergovernmental	1,853,210	-	342,485	2,195,695
Intergovernmental on-behalf payments	165,112	-	-	165,112
Tuition and other charges for services - education	965,458	-	-	965,458
Charges for services	-	-	32,873	32,873
Unclassified	48,006	20,877	274,734	343,617
Investment earnings	5,064	3,908	1,079	10,051
Total revenues	6,050,324	24,785	651,171	6,726,280
Expenditures:				
Current:				
General government	449,575	4,835	197	454,607
Public safety	646,539	-	-	646,539
Roads	310,944	-	-	310,944
Health, social service and recreation	301,851	-	26,027	327,878
Library	1,111	-	-	1,111
Education	3,712,112	-	524,589	4,236,701
On-behalf payments - Maine PERS	165,112	-	-	165,112
Special projects	2,457	-	-	2,457
Cemetery	14,909	-	-	14,909
County tax	97,400	-	-	97,400
Capital outlay	18,017	21,779	34,252	74,048
Debt service	51,481	-	-	51,481
Total expenditures	5,771,508	26,614	585,065	6,383,187
Excess (deficiency) of revenues over (under) expenditures	278,816	(1,829)	66,106	343,093
Other financing sources (uses):				
Proceeds from capital leases	17,752	-	-	17,752
Transfers from other funds	250,631	-	33,486	284,117
Transfers to other funds	(25,000)	(165,176)	(8,486)	(198,662)
Total other financing sources (uses)	243,383	(165,176)	25,000	103,207
Net change in fund balances	522,199	(167,005)	91,106	446,300
Fund balances, beginning of year	2,887,978	483,798	255,163	3,626,939
Fund balances, end of year	\$ 3,410,177	316,793	346,269	4,073,239

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, 2017

Net change in fund balances - total governmental funds (from Statement 4)	\$	446,300
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$213,873) and loss on disposal (\$9,618) exceeded capital outlay (\$97,599).		(125,892)
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.		(144,658)
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 change in accrued interest (\$1,652), net pension liability with related deferred inflows and outflows of resources (\$55,033), other postemployment benefits (\$75,352), and accrued compensated absences (\$4,203).		(124,530)
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 (\$17,752) exceeded lease repayments (\$7,228).		(10,524)
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
Change in net position of governmental activities (see Statement 2)	\$	87,137

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, 2017

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,584,731	2,538,731	2,813,237	274,506
Licenses and permits	197,953	197,953	200,237	2,284
Intergovernmental	1,718,063	1,809,225	1,853,210	43,985
Tuition and other charges for services - education	1,033,999	1,033,999	965,458	(68,541)
Unclassified	30,876	30,876	48,006	17,130
Investment earnings	-	-	5,064	5,064
Total revenues	5,565,622	5,610,784	5,885,212	274,428
Expenditures:				
Current:				
General government	456,570	457,850	449,575	8,275
Public safety	641,242	641,242	646,539	(5,297)
Roads	327,350	327,350	310,944	16,406
Health, social service and recreation	297,313	306,496	301,851	4,645
Library	-	3,700	1,111	2,589
Education	3,974,166	4,009,466	3,712,112	297,354
Special projects	2,000	2,147	2,457	(310)
Cemetery	14,075	14,075	14,909	(834)
County tax	97,401	97,401	97,400	1
Capital outlay	-	9,793	265	9,528
Debt service	51,481	51,481	51,481	-
Total expenditures	5,861,598	5,921,001	5,588,644	332,357
Excess (deficiency) of revenues over (under) expenditures	(295,976)	(310,217)	296,568	606,785
Other financing sources (uses):				
Overlay	(61,121)	(61,121)	-	61,121
Budgeted use of surplus - school	296,641	286,779	-	(286,779)
Use of assigned fund balance - town	-	24,103	-	(24,103)
Transfers from other funds	85,456	85,456	250,631	165,175
Transfers to other funds	(25,000)	(25,000)	(25,000)	-
Total other financing sources	295,976	310,217	225,631	(84,586)
Net change in fund balance	-	-	522,199	522,199
Fund balance, beginning of year			2,887,978	
Fund balance, end of year	\$		3,410,177	

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2017

Business-type Activities - Enterprise Funds				
	Wastewater	Water Works	Ambulance	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 273,211	139,023	-	412,234
Investments	106,235	825,597	-	931,832
Accounts receivable, net of allowance (\$837,177)	133,696	26,177	223,708	383,581
Inventory	-	34,189	-	34,189
Total current assets	513,142	1,024,986	223,708	1,761,836
Noncurrent assets:				
Capital assets	5,414,889	2,088,073	837,459	8,340,421
Capital assets, not being depreciated	708,664	30,956	-	739,620
Less accumulated depreciation	(3,032,381)	(1,021,642)	(309,447)	(4,363,470)
Total noncurrent assets	3,091,172	1,097,387	528,012	4,716,571
Total assets	3,604,314	2,122,373	751,720	6,478,407
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	150	128	10,324	10,602
Accrued wages	2,738	3,536	27,854	34,128
Advance for construction	-	37,293	-	37,293
Bonds payable	48,014	-	-	48,014
Bond anticipation note	651,447	-	-	651,447
Interfund loans payable	358,619	250,242	578,764	1,187,625
Total current liabilities	1,060,968	291,199	616,942	1,969,109
Noncurrent liabilities:				
Accrued compensated absences	4,048	3,993	22,664	30,705
Bonds payable	304,559	-	-	304,559
Total noncurrent liabilities	308,607	3,993	22,664	335,264
Total liabilities	1,369,575	295,192	639,606	2,304,373
NET POSITION				
Net investment in capital assets	2,087,152	1,097,387	528,012	3,712,551
Restricted	82,546	83,436	-	165,982
Unrestricted	65,041	646,358	(415,898)	295,501
Total net position	\$ 2,234,739	1,827,181	112,114	4,174,034

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, 2017

Business-type Activities - Enterprise Funds				
	Wastewater	Water Works	Ambulance	Total
Operating revenues:				
Charges for services	\$ 376,793	224,114	1,817,816	2,418,723
Other	89,201	994	10,036	100,231
Total operating revenues	465,994	225,108	1,827,852	2,518,954
Operating expenses:				
Personnel costs	89,876	107,407	985,668	1,182,951
Employee benefits	29,282	15,945	158,712	203,939
Purification costs	4,477	1,430	-	5,907
Utilities	19,105	22,467	9,088	50,660
Repairs and maintenance	4,907	2,599	104,940	112,446
General expenses	17,506	20,699	76,811	115,016
Insurance	5,807	8,473	85,382	99,662
Transportation	10,491	3,588	-	14,079
Landfill and waste disposal costs	75,827	-	-	75,827
Capital improvements	-	1,350	-	1,350
Other	12,300	-	-	12,300
Bad debt expense	-	5,900	327,698	333,598
Depreciation	107,856	46,477	100,931	255,264
Total operating expenses	377,434	236,335	1,849,230	2,462,999
Operating income (loss)	88,560	(11,227)	(21,378)	55,955
Nonoperating revenue (expense):				
Interest income	594	5,107	-	5,701
Interest expense	(7,499)	-	-	(7,499)
Loss on disposal	-	-	(57,423)	(57,423)
Total nonoperating revenue (expense)	(6,905)	5,107	(57,423)	(59,221)
Income (loss) before transfers	81,655	(6,120)	(78,801)	(3,266)
Transfers out	-	-	(85,455)	(85,455)
Change in net position	81,655	(6,120)	(164,256)	(88,721)
Total net position, beginning of year	2,153,084	1,833,301	276,370	4,262,755
Total net position, end of year	\$ 2,234,739	1,827,181	112,114	4,174,034

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2017

Business-type Activities - Enterprise Funds				
	Wastewater	Water Works	Ambulance	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 437,680	216,410	1,569,583	2,223,673
Payments to suppliers	(197,141)	(59,247)	(265,897)	(522,285)
Payments to employees	(118,120)	(123,151)	(1,140,613)	(1,381,884)
Net cash provided by operating activities	122,419	34,012	163,073	319,504
Cash flows from noncapital financing activities:				
Transfer to other funds	-	-	(85,455)	(85,455)
Net change in interfunds	236,054	72,931	87,557	396,542
Net cash provided by noncapital financing activities	236,054	72,931	2,102	311,087
Cash flows from capital and related financing activities:				
Capital asset purchases	(708,664)	(26,534)	(165,175)	(900,373)
Proceeds from bond anticipation note	651,447	-	-	651,447
Principal payments on bonds	(47,214)	-	-	(47,214)
Interest payments on bonds	(7,499)	-	-	(7,499)
Net cash used in capital and relating financing activities	(111,930)	(26,534)	(165,175)	(303,639)
Cash flows from investing activities:				
Purchase (sale) of investments	(5,573)	3,776	-	(1,797)
Investment income	594	5,107	-	5,701
Net cash provided by (used in) investing activities	(4,979)	8,883	-	3,904
Increase in cash and cash equivalents	241,564	89,292	-	330,856
Cash and cash equivalents, beginning of year	31,647	49,731	-	81,378
Cash and cash equivalents, end of year	\$ 273,211	139,023	-	412,234
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 88,560	(11,227)	(21,378)	55,955
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	107,856	46,477	100,931	255,264
Bad debt expense	-	5,900	327,698	333,598
(Increase) decrease in assets:				
Accounts receivable	(28,314)	(8,698)	(258,269)	(295,281)
Inventory	-	1,355	-	1,355
Increase (decrease) in liabilities:				
Accounts payable	(46,721)	4	10,324	(36,393)
Accrued wages and benefits payable	312	309	1,006	1,627
Accrued compensated absences	726	(108)	2,761	3,379
Net cash provided by operating activities	\$ 122,419	34,012	163,073	319,504

See accompanying notes to basic financial statements.

TOWN OF EAST MILLINOCKET, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private-purpose Trusts	Agency Funds
	Scholarship Funds	School Activity Fund
ASSETS		
Cash and cash equivalents	\$ 63,634	69,805
Investments	12,319	-
Total assets	75,953	69,805
LIABILITIES		
Due to student groups	-	69,805
Total liabilities	-	69,805
NET POSITION		
Held in trust	\$ 75,953	-

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, 2017

		Private-purpose Trusts Scholarship Funds
Additions:		
Contributions	\$	6,030
Interest and dividends		519
Realized and unrealized gain		750
Total additions		7,299
Deductions:		
Scholarships		10,085
Investment fees		120
Total deductions		10,205
Change in net position		(2,906)
Net position, beginning of year		78,859
Net position, end of year	\$	75,953

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 include amounts in demand deposits as well as time deposits and certificates of deposit owned by the Town. 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 estimated fair market value at the date of donation.

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

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

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

G. Compensated Absences

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

H. Long-term Obligations

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

I. Deferred Inflows and Outflows of Resources

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

J. Interfund Transactions

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

K. Encumbrances

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

L. Use of Estimates

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

M. Fund Equity

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

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

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

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

N. Pensions

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

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary vs. GAAP Basis of Accounting

As required by accounting principles generally accepted in the United States of America (GAAP), the Town has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the Town of East Millinocket School Department. These amounts have not been budgeted and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$165,112. These amounts have been included as an intergovernmental revenue and an education expenditure/expense in the General Fund on Statement 4 (GAAP basis) and on the Statement of Activities (Statement 2). There is no effect on the fund balance/net position at the end of the year.

Budget Information

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

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in the following categories:

Selectmen's office	\$ 2,588	Recreation	14,773
Planning and appeals board	250	Special projects – DARE	312
Protective services	23,891	Cemetery	834
Admin copier	204		

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, 2017, the Town reported deposits of \$3,069,568 with a bank balance of \$3,327,042. Of the bank balance at June 30, 2017, \$255,407 was exposed to custodial credit risk as it was not covered by F.D.I.C. or by additional insurance.

At June 30, 2017, deposits have been reported as follows:

Reported in governmental funds	\$ 2,523,895
Reported in proprietary funds	412,234
Reported in fiduciary funds	133,439
Total deposits	\$ 3,069,568

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, 2017 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, 2017, 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, 2017, all of the Town's investments in government securities were rated Aaa by Standard & Poor's.

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

At June 30, 2017, 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	\$ 68,220	68,220	-	-	-
Certificates of deposit	106,408	-	-	106,408	-
Mutual funds	250,000	250,000	-	-	-
Total governmental	\$ 424,628	318,220	-	106,408	-
Business-type Activities:					
Money market	\$ 103,451	103,451	-	-	-
Governmental securities	653,289	-	203,401	449,888	-
Mutual funds	175,092	175,092	-	-	-
Total business-type	\$ 931,832	278,543	203,401	449,888	-
Fiduciary Funds:					
Money market	\$ 305	305	-	-	-
Mutual funds	12,014	12,014	-	-	-
Total fiduciary	\$ 12,319	12,319	-	-	-

PROPERTY TAX

The Town's property tax was levied February 23, 2017 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, 2016 upon which the current levy was based was \$76,976,991.

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

PROPERTY TAX, CONTINUED

Taxes are billed annually and were due one-half on March 25, 2017 and one-half on April 28, 2017 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 \$61,121 for the year ended June 30, 2017.

The following summarizes the tax levies:

	<u>2017</u>	<u>2016</u>
Assessed value	\$ 76,976,991	80,271,268
Tax rate (per \$1,000)	30.75	27.80
Commitment	2,367,042	2,231,541
Less:		
Collections and abatements	2,208,004	1,939,206
Receivable at end of period	\$ 159,038	292,255
Collection rate	93.28%	86.90%

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 96,266	-	-	96,266
Construction in progress	-	52,620	-	52,620
Total capital assets, not being depreciated	96,266	52,620	-	148,886
Capital assets, being depreciated:				
Buildings and improvements	7,049,725	-	-	7,049,725
Equipment and furniture	1,146,012	24,580	32,054	1,138,538
Vehicles	1,139,524	20,399	-	1,159,923
Total capital assets being depreciated	9,335,261	44,979	32,054	9,348,186
Less accumulated depreciation for:				
Buildings and improvements	2,513,840	144,169	-	2,658,009
Equipment and furniture	1,027,502	21,799	-	1,049,301
Vehicles	996,150	47,905	22,436	1,021,619
Total accumulated depreciation	4,537,492	213,873	22,436	4,728,929
Total capital assets being depreciated, net	4,797,769	(168,894)	9,618	4,619,257
Governmental activities capital assets, net	\$ 4,894,035	(116,274)	9,618	4,768,143

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

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</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>-</u>	<u>708,664</u>	<u>-</u>	<u>708,664</u>
Total capital assets, not being depreciated	30,956	708,664	-	739,620
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>846,638</u>	<u>191,710</u>	<u>215,985</u>	<u>822,363</u>
Total capital assets being depreciated	8,364,696	191,710	215,985	8,340,421
Less accumulated depreciation for:				
Infrastructure	3,540,402	131,471	-	3,671,873
Buildings and improvements	100,959	1,673	-	102,632
Equipment and furniture	269,472	22,567	-	292,040
<u>Vehicles</u>	<u>355,934</u>	<u>99,553</u>	<u>158,562</u>	<u>296,925</u>
Total accumulated depreciation	4,266,767	255,264	158,562	4,363,470
<u>Total capital assets being depreciated, net</u>	<u>4,097,929</u>	<u>(63,554)</u>	<u>57,423</u>	<u>3,976,951</u>
<u>Business-type activities capital assets, net</u>	<u>\$ 4,128,885</u>	<u>645,110</u>	<u>57,423</u>	<u>4,716,571</u>

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

Governmental activities:	
General government	\$ 13,652
Public safety	35,436
Roads	27,566
Health, social services and recreation	13,012
<u>Education</u>	<u>124,207</u>

Total depreciation expense - governmental activities **\$ 213,873**

Business-type activities:	
Wastewater	\$ 107,856
Water Works	46,477
<u>Ambulance</u>	<u>100,931</u>

Total depreciation expense - business-type activities **\$ 255,264**

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

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 232,205	-	46,441	185,764	46,441
Capital leases	3,950	17,752	7,228	14,474	6,935
Net pension liability	786,764	453,658	-	1,240,422	-
Other post-employment benefits	303,761	75,352	-	379,113	-
Accrued compensated absences	67,767	-	4,203	63,564	-
Governmental activities					
long-term liabilities	\$ 1,394,447	546,762	57,872	1,883,337	53,376
Business-type activities:					
General obligation bonds	399,787	-	47,214	352,573	48,014
Accrued compensated absences	27,326	3,379	-	30,705	-
Business-type activities					
long-term liabilities	\$ 427,113	3,379	47,214	383,278	48,014

Bonds payable at June 30, 2017 are comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2017</u>
Governmental activities:					
2000 GOB	10/26/00	\$ 928,813	10/06/20	0.00%	185,764
Total governmental activities					\$ 185,764
Business-type activities:					
2003 Sewer GOB	11/13/03	\$ 918,000	11/13/23	2.25%	352,573
Total business-type activities					\$ 352,573

The annual requirements to amortize all long-term debt outstanding as of June 30, 2017 are as follows:

<u>June 30,</u>	<u>Governmental activities</u>			<u>Business-type activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 46,441	-	46,441	48,014	4,779	52,793
2019	46,441	-	46,441	48,850	3,774	52,624
2020	46,441	-	46,441	49,726	2,848	52,574
2021	46,441	-	46,441	50,642	1,758	52,400
2022	-	-	-	51,349	1,075	52,424
2023-2024	-	-	-	103,992	550	104,542
Total	\$ 185,764	-	185,764	352,573	14,784	367,357

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, 2017 was within the statutory limit.

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

CAPITAL LEASES

The Town and school have entered into lease agreements for the financing and acquisition of copiers. 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 were capitalized under a capital lease as of June 30, 2017:

Copiers	\$ 23,525
---------	-----------

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, 2017:

<u>Fiscal year ending</u> <u>June 30,</u>	<u>Payments</u>
2018	\$ 7,471
2019	7,471
2020	<u>336</u>
Total minimum lease payments	15,278
<u>Less: amount representing interest</u>	<u>(804)</u>
<u>Present value minimum lease payments</u>	<u>\$ 14,474</u>

SHORT-TERM DEBT

The Town issued a bond anticipation note within the Wastewater Fund for interim financing until long-term bonds are issued. The bond anticipation note was for \$3,648,000 with an interest rate of 1.39% and is due on December 31, 2017. Bond anticipation note activity for the year ended June 30, 2017 was as follows:

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

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

FUND BALANCE

The General Fund unassigned fund balance total of \$2,809,665 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, 2017, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Restricted for education	\$ -	577,488	-	-
Assigned for:				
Admin computer	-	-	-	71
Library – books and gifts	-	-	-	3,599
Town celebration	-	-	-	8,550
Town buildings improvements	-	-	-	4,565
Flags	-	-	-	2
Economic development	-	-	-	4,798
Industrial park	-	-	-	1,038
Recreation	-	-	-	401
Total general fund	-	577,488	-	23,024
<hr/>				
Capital Reserve Funds	-	-	316,793	-
<hr/>				
Other Governmental Funds:				
Education grants	-	122,601	-	-
Town grants	-	54,567	-	-
School lunch program - inventory	9,150	-	-	-
School lunch program	-	51,444	-	-
Ministerial fund	-	108,507	-	-
Total other governmental	9,150	337,119	-	-
<hr/>				
Grand totals	\$ 9,150	914,607	316,793	23,024

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, 2017.

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, 2017 arising from these transactions were as follows:

	<u>Receivables</u>	<u>Payables</u>	<u>Net transfers in (out)</u>
General fund	\$ 686,047	-	225,631
Capital reserve funds	316,793	-	(165,176)
Proprietary funds:			
Wastewater fund	-	358,619	-
Water Works fund	-	250,242	-
Ambulance fund	-	578,764	(85,455)
Nonmajor special revenue funds:			
Education grants	126,446	38,305	20,000
Town grants	54,567	-	-
School lunch program	42,077	-	5,000
Totals	\$ 1,225,930	1,225,930	-

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, 2017 was 9.50% annual payroll for the Regular AC Plan and 9.10% for the Special 2C (Police) Plan. Contributions to the pension plan from the Town were \$134,152 for the year ended June 30, 2017.

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, 2017, was 13.38% of annual payroll of which 3.36% of payroll was required from the Town and 10.02% was required from the State. Contributions to the pension plan from the Town were \$43,752 for the year ended June 30, 2017.

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, 2016, 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, 2017, the Town reported a liability of \$1,091,757 for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion of the PLD Plan was 0.2055%.

SET Plan - At June 30, 2017, 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	\$ 148,665
State's proportionate share of the net pension liability associated with the Town	1,881,993
Total	\$ 2,030,658

At June 30, 2016, the Town's proportion of the SET Plan was 0.0084%.

For the year ended June 30, 2017, the Town recognized pension expense of \$184,711 for the PLD Plan and \$178,701 for the SET Plan with revenue of \$130,475 for support provided by the State. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	54,393
Changes of assumptions	113,221	-
Net difference between projected and actual earnings on pension plan investments	263,554	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	48,535
Town contributions subsequent to the measurement date	177,904	-
Total	\$ 554,679	102,928

An amount of \$177,904 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 45,778
2019	16,405
2020	141,381
2021	70,283

Actuarial Assumptions - The total pension liability in the June 30, 2016 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 9.5%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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, 2016 are summarized in the following table:

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
Total	100%	

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

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

<u>PLD Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$ 1,812,120	\$ 1,091,757	\$ 413,561
 <u>SET Plan</u>	 1% Decrease <u>(5.875%)</u>	 Current Discount Rate <u>(6.875%)</u>	 1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$ 238,050	\$ 148,665	\$ 74,163

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, 2017.

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

OTHER POSTEMPLOYMENT BENEFITS

Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans.

Plan Descriptions - The Town provides postemployment benefits for health care for eligible retirees. 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.

The School Department provides postemployment benefits for health care for eligible retirees. 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. For all other school employees, the School Department will reimburse eligible retirees according to the bargaining agreement that they retired under.

Funding Policy and Annual OPEB Cost - GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The Town's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the years ending June 30 and the annual required contribution:

	<u>2017</u>	<u>2016</u>	<u>2015</u> <u>(restated)</u>
Normal cost	\$ 21,870	38,501	36,936
Amortization of unfunded	193,270	193,099	144,119
Adjustment to ARC	(17,640)	(11,965)	(8,514)
<u>Interest</u>	<u>13,134</u>	<u>9,551</u>	<u>9,475</u>
Annual required contribution	\$ 210,634	229,186	182,016

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Net OPEB Obligation - The Town's net OPEB obligations were calculated as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u> (restated)
OPEB liability, July 1	\$ 303,761	206,032	147,229
Annual required contribution	210,634	229,186	182,016
<u>Less: Actual contributions</u>	<u>(135,282)</u>	<u>(131,457)</u>	<u>(123,213)</u>
OPEB Liability, June 30	\$ 379,113	303,761	206,032

Funding Status and Funding Progress - The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30 were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u> (restated)
Annual required contribution	\$ 210,634	229,186	182,016
Actual contribution	135,282	131,457	123,213
Percent contributed	64.23%	57.36%	67.69%
Actuarial accrued liability	\$ 3,461,168	3,458,093	2,591,793
<u>Plan assets</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability	\$ 3,461,168	3,458,093	2,591,793
Covered payroll	\$ 2,641,364	2,402,685	2,177,147
Unfunded actuarial accrued liability as a percentage of covered payroll	131.04%	143.93%	119.05%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Actuarial Methods and Assumptions - Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	7/1/15 (School Department only)
Actuarial valuation date	1/1/17 (Town only)
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Rate of salary increases	2.75%
Healthcare inflation rate	4.0% - 10.0%

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, 2017:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 9,497,072	9,080,041
Accumulated depreciation	(4,728,929)	(4,363,470)
Bonds payable	(185,764)	(352,573)
Bond anticipation note	-	(651,447)
Capital leases payable	(14,474)	-
<u>Total net investment in capital assets</u>	<u>\$ 4,567,905</u>	<u>3,712,551</u>

TOWN OF EAST MILLINOCKET, MAINE
Required Supplementary Information

Schedule of Funding Progress
Retiree Healthcare Plan

<u>Fiscal Year</u>	<u>Town Actuarial Valuation Date</u>	<u>School Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) / c]</u>
2014	1/1/2014	7/1/2012	-	\$ 2,591,793	2,591,793	0.00%	2,342,320	110.65%
2015	1/1/2014	7/1/2012	-	2,591,793	2,591,793	0.00%	2,177,147	119.05%
2016	1/1/2014	7/1/2015	-	3,458,093	3,458,093	0.00%	2,402,685	143.93%
2017	1/1/2017	7/1/2015	-	3,461,168	3,461,168	0.00%	2,641,364	131.04%

TOWN OF EAST MILLINOCKET, MAINE
Required Supplementary Information, Continued

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>2017**</u>	<u>2016**</u>
<u>PLD Plan</u>		
Town's proportion of the net pension liability	0.2055%	0.2132%
Town's proportionate share of the net pension liability	\$ 1,091,757	680,118
Town's covered payroll	1,098,769	1,130,641
Town's proportion share of the net pension liability as a percentage of its covered payroll	99.36%	60.15%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.27%
<u>SET Plan</u>		
Town's proportion of the net pension liability	0.0084%	0.0079%
Town's proportionate share of the net pension liability	\$ 148,665	106,646
State's proportionate share of the net pension liability associated with the Town	1,881,993	1,620,807
<u>Total</u>	<u>\$ 2,030,658</u>	<u>1,727,453</u>
Town's covered payroll	\$ 1,250,476	1,362,182
Town's proportion share of the net pension liability as a percentage of its covered payroll	11.89%	7.83%
Plan fiduciary net position as a percentage of the total pension liability	76.21%	81.18%

* Only three years of information available

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

TOWN OF EAST MILLINOCKET, MAINE
Required Supplementary Information, Continued

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

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

* Only three 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
Notes to Required Supplementary Information

Changes of Benefit Terms - None

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

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.5%
Salary increases – PLD Plan	2.75% to 9.0%	3.5% to 9.5%
Salary increases – SET Plan	2.75% to 14.5%	3.5% to 13.5%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the most recent valuation, changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

GENERAL FUND

TOWN OF EAST MILLINOCKET, MAINE
Comparative Balance Sheets - General Fund
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 2,523,895	2,276,380
Investments	316,121	476,972
Receivables:		
Accounts	136,974	116,415
Taxes receivable - current year	159,038	292,255
Taxes receivable - prior years	23,900	21,625
Tax liens	59,923	63,033
Loans	-	6,400
Prepaid expenditures	-	5,118
Interfund loans receivable	686,047	267,369
Total assets	\$ 3,905,898	3,525,567
LIABILITIES		
Accounts payable and other current liabilities	37,947	58,819
Taxes paid in advance	7,056	9,752
Accrued wages and benefits	39,914	31,552
Accrued summer salaries	202,120	184,124
Total liabilities	287,037	284,247
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	208,684	353,342
Total deferred inflows of resources	208,684	353,342
FUND BALANCE		
Nonspendable	-	5,118
Restricted	577,488	635,454
Assigned	23,024	24,103
Unassigned	2,809,665	2,223,303
Total fund balance	3,410,177	2,887,978
Total liabilities, deferred inflows of resources, and fund balance	\$ 3,905,898	3,525,567

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, 2017
(with comparative actual amounts for the year ended June 30, 2016)

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 2,318,731	2,505,110	186,379	2,099,254
Excise taxes	220,000	278,182	58,182	267,761
Interest and lien costs	-	29,945	29,945	20,250
Total taxes	2,538,731	2,813,237	274,506	2,387,265
Licenses and permits	197,953	200,237	2,284	186,195
Intergovernmental:				
Tree growth reimbursement	-	10,321	10,321	9,110
Veterans exemption reimbursement	-	4,510	4,510	4,215
State revenue sharing	140,000	172,721	32,721	134,736
General assistance	6,545	3,316	(3,229)	5,123
Homestead exemption reimbursement	117,156	117,157	1	72,943
BETE reimbursement	1,244	1,053	(191)	1,027
Local road assistance	14,284	14,136	(148)	14,284
Education subsidy	1,529,996	1,529,996	-	1,408,467
Total intergovernmental	1,809,225	1,853,210	43,985	1,649,905
Tuition and other charges for services - education	1,033,999	965,458	(68,541)	1,084,796
Unclassified:				
Other revenues	30,876	48,006	17,130	53,331
Total unclassified	30,876	48,006	17,130	53,331
Investment earnings	-	5,064	5,064	2,141
Total revenues	5,610,784	5,885,212	274,428	5,363,633

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Selectmen's office	\$ 200,302	202,890	(2,588)	208,961
Insurance and benefits	246,310	236,897	9,413	213,085
Assessing/Code enforcement	6,000	4,300	1,700	5,900
Planning and appeals board	5,238	5,488	(250)	4,988
Total general government	457,850	449,575	8,275	432,934
Public safety:				
Fire department	63,961	59,764	4,197	59,802
Police	335,490	321,093	14,397	312,427
Protective services	241,791	265,682	(23,891)	247,912
Total public safety	641,242	646,539	(5,297)	620,141
Roads:				
Public works	267,350	251,071	16,279	232,846
Hot top	60,000	59,873	127	94,325
Total roads	327,350	310,944	16,406	327,171
Health, social service, and recreation:				
Solid waste	138,766	130,616	8,150	121,823
Town celebration	13,735	7,098	6,637	6,888
General assistance	9,550	5,522	4,028	7,319
Recreation	134,945	149,718	(14,773)	154,549
Industrial park	9,500	8,897	603	4,673
Total health, social service, and recreation	306,496	301,851	4,645	295,252
Library	3,700	1,111	2,589	1,729
Total library	3,700	1,111	2,589	1,729
Education	4,009,466	3,712,112	297,354	3,520,586
Total education	4,009,466	3,712,112	297,354	3,520,586
Special projects:				
DARE	145	457	(312)	947
Flags	2	-	2	397
Veteran's Memorial	2,000	2,000	-	-
Total special projects	2,147	2,457	(310)	1,344

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Cemetery	\$ 14,075	14,909	(834)	15,353
Total cemetery	14,075	14,909	(834)	15,353
County tax	97,401	97,400	1	117,142
Total county tax	97,401	97,400	1	117,142
Capital projects:				
Economic development	5,048	250	4,798	635
Admin copier	-	204	(204)	-
Admin computer	275	-	275	-
Christmas lights and receptacles	-	(94)	94	292
Town building improvements	4,470	(95)	4,565	817
Public safety building repairs	-	-	-	619
Total capital projects	9,793	265	9,528	2,363
Debt service:				
Education	51,481	51,481	-	60,519
Total debt service	51,481	51,481	-	60,519
Total expenditures	5,921,001	5,588,644	332,357	5,394,534
Excess (deficiency) of revenues over (under) expenditures	(310,217)	296,568	606,785	(30,901)
Other financing sources (uses):				
Overlay	(61,121)	-	61,121	-
Budgeted use of surplus - school	286,779	-	(286,779)	-
Use of assigned fund balance - town	24,103	-	(24,103)	-
Transfers in	85,456	250,631	165,175	96,465
Transfers out	(25,000)	(25,000)	-	-
Total other financing sources (uses)	310,217	225,631	(84,586)	96,465
Net change in fund balance	-	522,199	522,199	65,564
Fund balance, beginning of year		2,887,978		2,822,414
Fund balance, end of year	\$	3,410,177		2,887,978

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF EAST MILLINOCKET, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2017

	Education Grants	Town Grants	School Lunch Program	Ministerial Fund	Total Nonmajor Governmental Funds
ASSETS					
Investments	\$ -	-	-	108,507	108,507
Intergovernmental receivables	38,305	-	9,834	-	48,139
Inventory	-	-	9,150	-	9,150
Interfund loans receivable	126,446	54,567	42,077	-	223,090
Total assets	\$ 164,751	54,567	61,061	108,507	388,886
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	2,250	-	31	-	2,281
Accrued wages and benefits	1,595	-	436	-	2,031
Interfund loans payable	38,305	-	-	-	38,305
Total liabilities	42,150	-	467	-	42,617
Fund balances:					
Nonspendable	-	-	9,150	-	9,150
Restricted	122,601	54,567	51,444	108,507	337,119
Total fund balance	122,601	54,567	60,594	108,507	346,269
Total liabilities and fund balances	\$ 164,751	54,567	61,061	108,507	388,886

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, 2017

	Education Grants	Town Grants	School Lunch Program	Ministerial Fund	Total Other Governmental Funds
Revenues:					
Intergovernmental	\$ 221,971	-	120,514	-	342,485
Charges for services	-	-	32,873	-	32,873
Other	191,227	83,507	-	-	274,734
Investment earnings	-	-	-	1,079	1,079
Total revenues	413,198	83,507	153,387	1,079	651,171
Expenditures:					
Current:					
General government	-	197	-	-	197
Health, social services and recreation	600	25,427	-	-	26,027
Education	326,904	-	-	52,586	379,490
School lunch program	-	-	145,099	-	145,099
Capital outlay	24,580	9,672	-	-	34,252
Total expenditures	352,084	35,296	145,099	52,586	585,065
Excess (deficiency) of revenues over (under) expenditures	61,114	48,211	8,288	(51,507)	66,106
Other financing sources (uses):					
Transfers from other funds	28,486	-	5,000	-	33,486
Transfers to other funds	(8,486)	-	-	-	(8,486)
Total other financing sources	20,000	-	5,000	-	25,000
Net change in fund balances	81,114	48,211	13,288	(51,507)	91,106
Fund balances, beginning of year	41,487	6,356	47,306	160,014	255,163
Fund balances, end of year	\$ 122,601	54,567	60,594	108,507	346,269

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

TOWN OF EAST MILLINOCKET, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
Education Grants
June 30, 2017
(with comparative totals for June 30, 2016)

	Title IA	High School	Local	Preschool	REAP	Title IIA	PEPG	E-Rate	Adult	Galen Cole	Bridge	Maine	Mackenzie	Wellness	School	Total		
		Diploma	Entitlement		Grant		Grant	Funds	Education	Foundation		Grants	Grant	Capital Reserve	2017	2016		
ASSETS																		
Intergovernmental receivables	\$ 18,603	-	16,238	-	979	2,485	-	-	-	-	-	-	-	-	-	-	38,305	44,241
Interfund loans receivable	-	6,677	-	-	-	-	3,060	6,290	2,970	393	6,808	2,500	57,748	-	40,000	-	126,446	41,487
Total assets	\$ 18,603	6,677	16,238	-	979	2,485	3,060	6,290	2,970	393	6,808	2,500	57,748	-	40,000	-	164,751	85,728
LIABILITIES AND FUND BALANCES																		
Liabilities:																		
Accounts payable	-	2,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,250	-
Accrued wages and benefits	-	1,595	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,595	-
Interfund loans payable	18,603	-	16,238	-	979	2,485	-	-	-	-	-	-	-	-	-	-	38,305	44,241
Total liabilities	18,603	3,845	16,238	-	979	2,485	-	-	-	-	-	-	-	-	-	-	42,150	44,241
Fund balances:																		
Restricted	-	2,832	-	-	-	-	3,060	6,290	2,970	393	6,808	2,500	57,748	-	40,000	-	122,601	41,487
Total fund balances	-	2,832	-	-	-	-	3,060	6,290	2,970	393	6,808	2,500	57,748	-	40,000	-	122,601	41,487
Total liabilities and fund balances	\$ 18,603	6,677	16,238	-	979	2,485	3,060	6,290	2,970	393	6,808	2,500	57,748	-	40,000	-	164,751	85,728

TOWN OF EAST MILLINOCKET, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Education Grants
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	Title IA	High School Diploma	Local Entitlement	Preschool	REAP Grant	Title IIA	PEPG Grant	E-Rate Funds	Adult Education	Galen Cole Foundation Grant	Bridge	Maine Community Foundation	Mackenzie Grants	Wellness Grant	School Capital Reserve	Total	
																2017	2016
Revenues:																	
Intergovernmental	\$ 111,543	2,455	77,897	886	10,440	14,339	1,500	-	2,311	-	-	-	-	600	-	221,971	234,534
Other	-	-	-	-	-	-	-	2,354	-	-	8,194	2,500	178,179	-	-	191,227	32,886
Total revenues	111,543	2,455	77,897	886	10,440	14,339	1,500	2,354	2,311	-	8,194	2,500	178,179	600	-	413,198	267,420
Expenditures:																	
Current:																	
Health, social services and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	600	-	600	2,311
Education	120,029	5,298	77,897	886	10,440	5,853	2,466	450	2,311	-	5,423	-	95,851	-	-	326,904	238,513
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	24,580	-	-	24,580	-
Total expenditures	120,029	5,298	77,897	886	10,440	5,853	2,466	450	2,311	-	5,423	-	120,431	600	-	352,084	240,824
Excess (deficiency) of revenues over (under) expenditures	(8,486)	(2,843)	-	-	-	8,486	(966)	1,904	-	-	2,771	2,500	57,748	-	-	61,114	26,596
Other financing sources (uses):																	
Transfers from other funds	8,486	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000	28,486	9,276
Transfers to other funds	-	-	-	-	-	(8,486)	-	-	-	-	-	-	-	-	-	(8,486)	(9,276)
Total other financing sources (uses)	8,486	-	-	-	-	(8,486)	-	-	-	-	-	-	-	-	20,000	20,000	-
Net change in fund balances	-	(2,843)	-	-	-	-	(966)	1,904	-	-	2,771	2,500	57,748	-	20,000	81,114	26,596
Fund balances, beginning of year	-	5,675	-	-	-	-	4,026	4,386	2,970	393	4,037	-	-	-	20,000	41,487	14,891
Fund balances, end of year	\$ -	2,832	-	-	-	-	3,060	6,290	2,970	393	6,808	2,500	57,748	-	40,000	122,601	41,487

TOWN OF EAST MILLINOCKET, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
Town Grants
June 30, 2017
(with comparative totals for June 30, 2016)

	Wellness Grant	Mackenzie Grant	Stephen King Grants	Rudman Grant	Total		
					2017	2016	
ASSETS							
Interfund loans receivable	\$ 600	2,228	50,525	1,214	54,567	6,356	
Total assets	\$ 600	2,228	50,525	1,214	54,567	6,356	
LIABILITIES AND FUND BALANCES							
Liabilities:							
Interfund loans payable	-	-	-	-	-	-	
Total liabilities	-	-	-	-	-	-	
Fund balances:							
Restricted	600	2,228	50,525	1,214	54,567	6,356	
Total fund balances	600	2,228	50,525	1,214	54,567	6,356	
Total liabilities and fund balances	\$ 600	2,228	50,525	1,214	54,567	6,356	

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, 2017
(with comparative totals for the year ended June 30, 2016)

	Wellness Grant	Mackenzie Grant	Stephen King Grants	Rudman Grant	Total	
					2017	2016
Revenues:						
Other	\$ 600	11,900	70,000	1,007	83,507	1,000
Total revenues	600	11,900	70,000	1,007	83,507	1,000
Expenditures:						
Current:						
General government	-	-	-	197	197	2,492
Health, welfare and recreation	-	-	25,427	-	25,427	89
Capital outlay	-	9,672	-	-	9,672	-
Total expenditures	-	9,672	25,427	197	35,296	2,581
Net change in fund balances	600	2,228	44,573	810	48,211	(1,581)
Fund balances, beginning of year	-	-	5,952	404	6,356	7,937
Fund balances, end of year	\$ 600	2,228	50,525	1,214	54,567	6,356

TOWN CAPITAL RESERVE FUNDS

TOWN OF EAST MILLINOCKET, MAINE
Combining Balance Sheet
Town Capital Reserve Funds
June 30, 2017

(with comparative totals for June 30, 2016)

	Police Equipment	Snowmobile	Salt/Sand Storage	Ambulance Equipment	Tennis Equipment	Fire Equipment	Pool Equipment	Administration Equipment	Public Works Equipment	School Building	Building Improvements	Medway Police	Recreation Contract	Retirement Sick Pay	Retirement Vacation Pay	Totals		
																	2017	2016
ASSETS																		
Interfund loans receivable	\$ 2,711	73,551	25	48,927	-	24,615	-	694	19,587	12,057	-	3,547	5,835	61,685	63,559	316,793	483,798	
Total assets	\$ 2,711	73,551	25	48,927	-	24,615	-	694	19,587	12,057	-	3,547	5,835	61,685	63,559	316,793	483,798	
LIABILITIES AND FUND BALANCES																		
Liabilities:																		
Interfund loans payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances:																		
Committed	2,711	73,551	25	48,927	-	24,615	-	694	19,587	12,057	-	3,547	5,835	61,685	63,559	316,793	483,798	
Total fund balances	2,711	73,551	25	48,927	-	24,615	-	694	19,587	12,057	-	3,547	5,835	61,685	63,559	316,793	483,798	
Total liabilities and fund balances	\$ 2,711	73,551	25	48,927	-	24,615	-	694	19,587	12,057	-	3,547	5,835	61,685	63,559	316,793	483,798	

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, 2017

(with comparative totals for the year ended June 30, 2016)

	Police	Salt/Sand	Ambulance	Tennis	Fire	Pool	Administration	Public Works	School	Building	Medway	Recreation	Retirement	Retirement	Totals		
	Equipment	Snowmobile	Storage	Equipment	Equipment	Equipment	Equipment	Equipment	Building	Improvements	Police	Contract	Sick Pay	Vacation Pay	2017	2016	
Revenues:																	
Other revenue	\$ 400	-	-	-	-	400	-	-	10,000	3,549	-	-	6,528	-	-	20,877	25,503
Investment earnings	29	745	-	786	-	547	-	8	116	106	1	44	79	726	721	3,908	3,249
Total revenues	429	745	-	786	-	947	-	8	10,116	3,655	1	44	6,607	726	721	24,785	28,752
Expenditures:																	
Current:																	
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	4,835	-	4,835	-
Capital outlay	-	-	-	-	5	7,750	3	-	-	-	95	1,049	12,877	-	-	21,779	88,190
Total expenditures	-	-	-	-	5	7,750	3	-	-	-	95	1,049	12,877	4,835	-	26,614	88,190
Excess (deficiency) of revenues over (under) expenditures	429	745	-	786	(5)	(6,803)	(3)	8	10,116	3,655	(94)	(1,005)	(6,270)	(4,109)	721	(1,829)	(59,438)
Other financing sources (uses):																	
Transfers to other funds	-	-	-	(82,588)	-	(82,588)	-	-	-	-	-	-	-	-	-	(165,176)	-
Total other financing sources (uses)	-	-	-	(82,588)	-	(82,588)	-	-	-	-	-	-	-	-	-	(165,176)	-
Net change in fund balances	429	745	-	(81,802)	(5)	(89,391)	(3)	8	10,116	3,655	(94)	(1,005)	(6,270)	(4,109)	721	(167,005)	(59,438)
Fund balances, beginning of year	2,282	72,806	25	130,729	5	114,006	3	686	9,471	8,402	94	4,552	12,105	65,794	62,838	483,798	543,236
Fund balances, end of year	\$ 2,711	73,551	25	48,927	-	24,615	-	694	19,587	12,057	-	3,547	5,835	61,685	63,559	316,793	483,798

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, 2017

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Property tax revenue	\$ 1,281,173	1,235,173	1,235,173	-
Intergovernmental revenue	1,438,834	1,529,996	1,529,996	-
Charges for services	935,670	935,670	886,598	(49,072)
Ministerial reimbursements	51,481	51,481	51,481	-
Other revenues	46,848	46,848	27,379	(19,469)
Total revenues	3,754,006	3,799,168	3,730,627	(68,541)
Expenditures:				
Current:				
Regular instruction	1,944,166	1,944,166	1,894,373	49,793
Special education instruction	609,776	613,076	504,094	108,982
Career and technical services	134,636	134,636	134,636	-
Other instruction	125,968	129,468	110,241	19,227
Student and staff support	263,767	263,767	233,882	29,885
System administration	222,569	222,569	202,843	19,726
School administration	235,186	235,186	224,740	10,446
Transportation	36,658	36,658	34,748	1,910
Facilities maintenance	401,440	429,940	372,555	57,385
Debt service	51,481	51,481	51,481	-
Total expenditures	4,025,647	4,060,947	3,763,593	297,354
Excess (deficiency) of revenues over (under) expenditures	(271,641)	(261,779)	(32,966)	228,813
Other financing sources (uses):				
Transfer out	(25,000)	(25,000)	(25,000)	-
Use of surplus	296,641	286,779	-	(286,779)
Total other financing sources (uses)	271,641	261,779	(25,000)	(286,779)
Net change in fund balance	-	-	(57,966)	(57,966)
Fund balance, beginning of year			635,454	
Fund balance, end of year	\$		577,488	

TOWN OF EAST MILLINOCKET
Agency Funds
Schedule of Cash Receipts, Cash Disbursements, and Ending Balances - Student Activity Funds
For the year ended June 30, 2017

		Balances beginning of year	Cash Receipts	Cash Disbursements	Balances end of year
Schenck High School					
Class Funds:					
2016	\$	7	-	7	-
2017		28	10,369	10,295	102
2019		-	301	-	301
Amazon sales		-	372	-	372
Opal Field Trips		700	-	-	700
Close Up Washington		7,112	-	-	7,112
Yearbook #1 - savings		1,283	-	-	1,283
Yearbook		4,360	4,387	5,310	3,437
Dramatic Club		1,141	592	182	1,551
Student Council		4,277	2,797	3,036	4,038
General		5,198	4,913	2,272	7,839
National Honor Society		358	-	350	8
Biology Account		95	-	-	95
Foreign Language		740	-	60	680
Scholarship		3,433	8,750	8,950	3,233
Faculty-Staff Scholarship Fund		-	299	-	299
Playground Fund		7,620	-	-	7,620
Athletic - gate receipts		16,708	11,543	12,276	15,975
Cheering Goal		1,232	49	1,281	-
Chorus		786	-	-	786
Athletics		6,923	13,452	14,172	6,203
Athletic Activities		-	2,008	-	2,008
English		1,822	-	327	1,495
Vending Machine		356	479	660	175
Winter Carnival		812	2,046	1,398	1,460
Art Fund		125	-	-	125
Dress Down		95	-	-	95
Box Tops for Education		2,268	1,919	2,520	1,667
Opal Wellness		1,161	-	15	1,146
Total	\$	68,640	64,276	63,111	69,805

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, 2017

	Balances beginning of year	Donations	Net Investment Earnings/Fees	Total Available	Scholarships	Balances end of year
Mathew Dickinson	\$ 7,312	6,030	29	13,371	6,330	7,041
Brandon Pelkey	2,837	-	3	2,840	-	2,840
Lawrence Waltz Memorial	3,981	-	4	3,985	-	3,985
Edna Dunn Cousins	7,642	-	15	7,657	500	7,157
Leon Cousins	5,841	-	11	5,852	500	5,352
Dawn Rossignol	3,114	-	3	3,117	500	2,617
Heal Scholarship	2,677	-	3	2,680	-	2,680
Heal/Dentremont	6,849	-	13	6,862	500	6,362
E. Dean Parker	8,968	-	45	9,013	100	8,913
Thomas Cahill	3,882	-	4	3,886	200	3,686
East Millinocket Alumni Association	12,419	-	110	12,529	555	11,974
Edward & Eva Madden Scholarship	1,427	-	-	1,427	400	1,027
Violette Family Scholarship	11,910	-	909	12,819	500	12,319
	\$ 78,859	6,030	1,149	86,038	10,085	75,953